



# 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
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



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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
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



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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?	₹ 1,20,000	₹ 1,15,200	₹ 1,16,800	₹ 1,20,400
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
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



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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.	₹ 3,75,000	₹ 3,00,000	₹ 3,60,000	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
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



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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:	₹ 1,20,000	₹ 1,00,000	₹ 1,50,000	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.	₹ 1,50,000	₹ 3,00,000	₹ 1,00,000	₹ 1,20,000
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	₹ 1,35,000	₹ 1,15,000	₹ 1,30,000	₹ 1,20,000
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



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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	₹ 4,10,000	₹ 4,50,000	₹ 4,20,000	₹ 4,10,000
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	₹ 1,25,000	₹ 2,15,000	₹ 1,90,000
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	A firm maintains a provision for bad debts at 5 % and a provision for discount at 2% on total debtors. Balances on April 01, 2023: Provision for bad and doubtful debts ₹5,000 Provision for discount on debtors ₹1,900 Total debtors on March 31, 2024 were ₹60,000 after writing off bad debts of ₹3,000 and allowing for discount of ₹1,750. The amount of provision for discount on debtors and the amount of provision for bad debts as on March	₹1,900; ₹5,000 respectively	₹5,000; ₹1,900 respectively	₹1,140; ₹3,000 respectively	₹3,000; ₹1,140 respectively



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75	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
76	Purchases ₹60,000, Purchase Return ₹10,000, Sales ₹80,000, Sales Return ₹80,000 Carriage outward ₹1,000, Office Rent ₹1,000. Compute Gross Profit.	₹ 20,000	₹ 10,000	₹ 15,000	₹ 30,000
77	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.	₹ 1,50,000	₹ 1,40,000	₹ 1,30,000	₹ 1,20,000
78	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 _____.	₹ 2,55,000	₹ 2,45,000	₹ 2,95,000	₹ 2,75,000
79	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
80	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
81	Which of the following is fixed asset?	Plant and machinery	Stock	Debtors	Cash
82	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
83	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?	₹ 1,00,000	₹ 80,000	₹ 1,20,000	₹ 1,50,000
84	In case of a Club, the excess of expenditure over income is called as	Surplus	Deficit	Capital Fund	Investment in Fixed Assets
85	Donation received for a specific purpose is a/an _____	Asset	liabilities	Revenue Receipts	Capital Receipts
86	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
87	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



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88	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
89	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?	05:09	05:03	05:04	05:01
90	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
91	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%
92	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.	₹ 5,00,000	₹ 6,00,000	₹ 7,00,000	₹ 8,00,000
93	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	₹ 1,26,000	₹ 36,000
94	Excess of average profit earned by the Firm over and above its normal profit -	Total Profit	Super Profit	Normal returns	Excess Profit
95	Which of the following should be valued compulsory at the time of admission of a partner _____.	Goodwill	Plant & Machinery	Land & Building	Furniture & Fittings
96	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
97	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
98	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
99	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
100	A, B and C are Partners with Capitals of ₹1,00,000, ₹75,000 and ₹50,000. On C's retirement from the firm, A and C decided to share the future profits and losses in 3:2. Calculate gaining ratio.	3:2	2:2	2:3	None of these



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101	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,	Rs.15,000	No contribution
102	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
103	When goodwill is withdrawn by the partners _____ account is credited.	Cash	Partners Capital A/c	Partners Loan A/c	Goodwill A/c
104	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
105	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
106	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
107	Which one is/ are the method/s of Accounting for Branches ?	Final Accounts Method	Debtors Method	Stock and Debtors Method	All of the above
108	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
109	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
110	Goods are sent to the Branch at cost plus 25%. The loading on invoice price is _____.	20%	25%	30%	50%
111	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
112	Excess of hire purchase price over cash price is known as	Installment	Cash down payment	Interest	Capital value of asset
113	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	1,08,000	₹ 36,000



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### MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
114	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 _____.	₹ 4,00,000	₹ 3,88,800	₹ 3,45,600	₹ 5,18,400
115	Goods are sent to branch at cost plus 50%. The loading on the invoice price is _____.	50%	33.33%	25%	20%.
116	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 _____.	₹ 6,00,000	₹ 4,00,000	₹ 6,25,000	₹ 5,00,000
117	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	₹ 1,00,000	₹ 1,50,000	₹ 2,00,000
118	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
119	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.
120	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
121	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
122	The hire purchaser records the assets at its _____.	Hire purchase price	Amount paid to the vendor till date	Cash price	Total cost
123	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
124	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
125	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
126	Branches not keeping full system of accounting are called _____.	Independent branches	Partial branches	Dependent branches	None of these



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127	Assets are generally repossessed at a mutual agreed _____.	value	current price	Installments due	None of these
128	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
129	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
130	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.	₹ 60,00,000	₹ 44,00,000	₹ 33,00,000	₹ 80,00,000
131	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
132	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
133	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
134	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
135	Which of the following is not a fundamental accounting assumption?	Consistency	Materiality	Going Concern	Accrual
136	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
137	Full form of IFRS _____.	Indian Financial Reporting Standards	International Financial Reporting Standards	International Financials Reporting Standards	Indian Financial Reporting Standard
138	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



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139	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
140	As per AS 22 an example of permanent difference is _____	Exempt Income	Disallowed Expenses	Enhanced Deduction	All of these
141	Borrowing cost includes _____	Debenture Interest	Preference Dividend	Equity Dividend	All of these
142	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
143	₹ 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
144	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 of expense	Adjusted to Shareholders' interests	None of these
145	As per AS 11 Monetary Items excludes _____.	Cash	Receivables	Payables	Inventories
146	In accrual basis of accounting _____	Revenues are taken care of irrespective whether cash is received or not	Cost incurred during the period is taken care of	Both 1 and 2	Cost of last financial period is only
147	According to the Cost Concept, assets are recorded in the books at _____.	Market value	Net realizable value	Historical cost	Replacement cost
148	Under which concept is inventory valued at cost or market price, whichever is lower?	Money Measurement Concept	Dual Aspect Concept	Conservatism Convention	Matching Concept
149	Which of the following is not an accounting principle?	Revenue Recognition	Prudence	Conservatism	Materiality
150	If a company records personal expenses of the owner as business expenses then which concept is violated ?	Cost Concept	Accrual Concept	Business Entity Concept	Consistency Concept
151	Which of the following expenditure/s is/are revenue in nature?	Legal fees paid to acquire a land	Cost of overhauling second-hand machinery purchased	Installation charges of new machinery	Routine repairs to machinery
152	Capital receipts are usually shown in the:	Trading Account	Profit & Loss Account	Balance Sheet	None of these
153	Which of the following is <b>not</b> a feature of capital expenditure?	It is incurred for day-to-day running of business	It results in acquisition or improvement of fixed assets	It increases the earning capacity	It is non-recurring in nature



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154	On 1st April, a business has: Cash ₹15,000, Furniture ₹5,000, Creditors ₹3,000. What will be the opening journal entry?	Cash A/c Dr. ₹15,000 Furniture A/c Dr. ₹5,000 To Creditors A/c ₹3,000 To Capital A/c ₹17,000	Cash A/c Dr. ₹15,000 To Furniture A/c ₹5,000 To, Creditor A/c ₹3,000 To Capital A/c ₹7,000	Capital A/c Dr. ₹17,000 To Cash A/c ₹15,000 To Furniture A/c ₹5,000 To Creditors A/c ₹3,000	None of these
155	Transfer of net profit ₹7,000 to Capital Account. The entry will be _____.	Profit & Loss A/c Dr. ₹7,000 To Capital A/c ₹7,000	Capital A/c Dr. ₹7,000 To Profit & Loss A/c ₹7,000	No entry needed	Profit & Loss A/c Dr. ₹3,500 To Capital A/c ₹3,500
156	Which of the following statements is not true?	All journal entries are posted to the ledger	Ledger helps in preparing trial balance	Ledger records only cash transactions	Ledger is a book of final entry
157	Discount allowed ₹200 on cash received ₹4,800 from Rama. What will be the posting in Cash Book?	Debit side: Cash ₹4,800, Discount ₹200	Credit side: Cash ₹4,800, Discount ₹200	Credit side: Cash ₹5,000	Debit side: Cash ₹5,000
158	Cash Book shows a cash balance of ₹7,000 and bank overdraft of ₹2,500. What is the total of the debit side of this Three Column Cash Book?	₹ 2,500	₹ 7,000	₹ 9,500	₹ 5,500
159	Overdraft as per Cash Book is ₹14,000. A cheque issued ₹2,000 is not presented. Calculate the balance as per Pass Book.	₹16,000 Overdraft	₹12,000 Overdraft	₹14,000 Overdraft	₹18,000 Overdraft
160	Interest credited by bank ₹400, not yet recorded in Cash Book. What will be the adjustment?	Add ₹400 to Pass Book	Add ₹400 to Cash Book balance	Subtract ₹400 from Cash Book	No adjustment needed
161	Which of the following accounts appears in the Trial Balance?	Closing Stock	Trading A/c	Drawings	Profit and Loss A/c
162	Furniture worth ₹25,000 was wrongly debited to Purchases A/c. What is the effect on the Trial Balance?	Debit exceeds by ₹25,000	Credit exceeds by ₹25,000	Trial Balance will tally	None of these
163	₹3,500 received from Mohan was wrongly credited to his account. What is the difference in the Trial Balance?	₹ 3,500	₹ 7,000	₹ 10,500	0
164	Salaries paid ₹10,000 were wrongly posted to Rent A/c. What will be the effect on Trial Balance?	Debit side short by ₹10,000	Credit side short by ₹10,000	Debit side exceeds by ₹8,000	No effect
165	A machine costing ₹2,00,000 is depreciated at 8% p.a. on WDV method. What is the depreciation for the 2nd year?	₹ 14,720	₹ 16,000	₹ 13,542	₹ 20,000
166	An asset costing ₹53,000 has a useful life of 5 years and residual value of ₹8,000. What is annual depreciation under SLM?	₹ 10,600	₹ 12,200	₹ 8,000	₹ 9,000
167	A machine bought on 1st July for ₹1,00,000 is depreciated at 10% p.a. on SLM. Accounts are closed on 31st March. What is depreciation for the first year?	₹ 10,000	₹ 5,000	₹ 2,500	₹ 7,500



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SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
168	Provision for doubtful debts is shown in the balance sheet as _____.	Addition to debtors	Deduction from debtors	separately under liabilities	addition to cash balance
169	A bill of ₹30,000 is discounted at 6% per annum for 3 months. What amount will be received after discounting?	₹ 29,490	₹ 29,700	₹ 29,551	₹ 29,250
170	A bill of ₹50,000 is drawn for 2 months on 15th April. When will it mature?	16th June	18th June	17th June	19th June
171	During transit goods are under the ownership of _____ in case of a consignment.	Consignor	Consignee	Both 1 and 2	None of these
172	Which of the following is recorded in Consignment Account?	Purchase of goods	Sales by consignee	Expenses which are incurred by consignee	All of these
173	Which of the following is not a feature of consignment?	Goods are sent for sale on behalf of the owner	Ownership transfers to consignee	Consignee acts as agent	All of these
174	A Joint Venture is different from a partnership because:	It is governed by the Partnership Act	It is formed for an indefinite period	It is for a specific purpose and limited period	None of these
175	A and B entered into a joint venture sharing profits in the ratio 3:2. A purchased goods worth ₹1,00,000 and B incurred expenses of ₹20,000. The entire goods were sold for ₹1,60,000. What is the profit of the venture?	₹ 40,000	₹ 60,000	₹ 80,000	₹ 1,00,000
176	M and N enter into a joint venture sharing profits in the ratio 2:1. M spends ₹24,000 and N spends ₹12,000. The sale proceeds are ₹72,000. What is the amount to be distributed as profit?	₹ 24,000	₹ 36,000	₹ 12,000	₹ 72,000
177	R and S started a joint venture contributing ₹60,000 and ₹40,000 respectively. They earned a profit of ₹50,000. If profit is shared in the ratio of their capital contributions, what is R's share?	₹ 60,000	₹ 40,000	₹ 30,000	₹ 50,000
178	A and B entered a joint venture. A paid ₹50,000 for goods, B paid ₹30,000 for expenses. Goods sold for ₹1,20,000. Profit-sharing ratio is 1:1. What is the share of profit for each co-venturers?	₹ 20,000	₹ 35,000	₹ 40,000	₹ 60,000
179	Mr.A is a sole proprietor. He has Opening Capital = ₹3,00,000; Net Profit = ₹80,000; Drawings = ₹60,000. What is the Closing Capital?	₹ 3,20,000	₹ 3,80,000	₹ 2,40,000	₹ 1,60,000
180	Purchase Returns = ₹7,500; Sales Returns = ₹10,500; Total Purchases = ₹90,000; Total Sales = ₹1,35,000. What is Net Sales and Net Purchases?	₹82,500 and ₹1,24,500	₹1,24,500 and ₹82,500	₹1,00,500 and ₹82,500	None of these
181	Rent paid ₹18,000 includes ₹3,000 prepaid. What amount of rent will be debited to Profit & Loss Account?	₹ 15,000	₹ 21,000	₹ 18,000	₹ 6,000



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182	The final accounts of an Not for Profit Organisation includes which of the following	Trading Account, P&L Account, Balance Sheet	Receipts & Payments Account, Income & Expenditure Account, Balance Sheet	Cash Book, Ledger, Trial Balance	Only Balance Sheet
183	Subscription received in advance is shown as:	Liability in Balance Sheet	Capital receipt	Asset in Balance Sheet	Income in Income & Expenditure Account
184	Amount paid for stationery ₹8,000; Opening stock ₹5,000; Closing stock ₹3,000. What is the amount of Stationary Consumed?	₹ 10,000	₹ 6,000	₹ 16,000	₹ 11,000
185	Donation for building construction ₹2,00,000 is a _____.	Revenue Receipt	Capital Receipt	Revenue Expenditure	None of these
186	Opening Debtors: ₹40,000; Closing Debtors: ₹50,000; Cash received from Debtors: ₹1,20,000; Bills received: ₹10,000; Bad debts: ₹2,000. Find Credit Sales.	₹ 10,000	₹ 1,43,000	₹ 1,17,000	₹ 1,37,000
187	Profit and Loss Appropriation Account is prepared to show:	Business expenses	Operating results	Distribution of profits among partners	Total assets and liabilities
188	Total rent = ₹90,000. Floor area: Dept A = 2,000 sq ft; Dept B = 1,000 sq ft. Apportioned rent for Dept A is _____	₹ 40,000	₹ 60,000	₹ 80,000	₹ 20,000
189	Manager's salary is ₹3,60,000 per annum. Time devoted by Dept P = 2/3 and Dept Q = 1/3. Salary chargeable to Dept Q will be _____.	₹ 2,40,000	₹ 1,20,000	₹ 1,80,000	₹ 60,000
190	Goods worth ₹30,000 were transferred from Department A to Department B at a profit of 25% on cost. If 40% of goods are unsold at year-end, what is the unrealised profit?	₹ 3,000	₹ 6,000	₹ 2,400	₹ 12,000
191	Loss of profit policy covers which of this?	Loss of cash	Loss of gross profit during interruption	Loss of Capital	Loss of Assets
192	Standard Turnover: ₹4,00,000; Turnover during claim period: ₹1,00,000; G.P. Ratio: 30%. What is the amount of loss of profit?	90,000	1,20,000	1,50,000	1,80,000
193	Net profit: ₹1,00,000; Standing charges insured: ₹2,00,000; Turnover: ₹10,00,000. Calculate G.P. Ratio.	10%	20%	30%	15%
194	Two or more mistakes in the books which result in cancelling each other out is known as _____.	Errors of Principle	Compensating Errors	Error of Commission	Error of Omission or Duplication
195	Provision for Discount on Debtors is calculated on _____.	Total Debtors	Good Debtors (after deducting Bad Debts and Provision for Doubtful Debts)	Bad Debts	Credit Sales



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SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
196	When provision for discount on debtors is created, which account is debited?	Discount Allowed A/c	Provision for Discount on Debtors A/c	Profit & Loss A/c	Debtors A/c
197	A change in accounting policy is allowed only when _____.	Management decides to do so	It results in a more appropriate presentation	It reduces profit	It increases profit
198	Which of the following is an accounting policies ?	Inventory valuation method	Treatment of goodwill	Methods of Charging Depreciation	All of these
199	Which of the following is not classified as PPE under AS 10?	Land	Office Computers	Inventory	Plant & Machinery
200	If Deepika's acceptance which was endorsed by us in favour of Manoj is dishonoured, then the amount will be debited in our books to _____.	Deepika	Manoj	Bills Receivable Account	None of the above
201	Which lease transfers substantially all the risks and rewards incident to ownership of an asset?	Operating lease	Finance lease	Both	None of the above
202	If cash sales are ₹ 25,000, credit sales are ₹75,000 and consignee's del credere commission is 10%, the amount of del credere commission will be _____.	₹ 2,500	₹ 7,500	₹ 10,000	₹ 5,000
203	Short-term lease which is often cancellable is known as _____.	Net Lease	Leverage Lease	Operating Lease	Finance Lease
204	Generally sacrifice ratio is concerned with the situation of:	Conversion of firm into company	Admission of a new partner	Retirement of a partner	Conversion of firm into company
205	Interest to be allowed @ 0.75 per cent per month on Partners Capital of ₹60 Lakh; Manager's Commission @ 5 per cent of Net Profit before charging such commission. If the Net Profit before charging interest on capital and manager's commission amounted to ₹14.85 Lakh, then manager's commission will be _____.	₹ 47,250	₹ 45,000	₹ 50,000	₹ 42,500
206	A and B are partners. They are entitled for 9% interest on their capital contributions. The firm allowed ₹54,000 towards interest on capital to partners. What will be the capital contribution of B, if interest on A's capital is ₹13,500 more than the interest on B's capital?	₹ 2,50,000	₹ 2,15,000	₹ 2,55,000	₹ 2,25,000
207	The person who undertake an agreement, conveys to another person the right to use in return for rent, an asset for an agreed period of time _____.	Lessee	Lessor	Both	None of the above
208	Operating lease is a _____.	Non revocable contract	Operating contract	Revocable contract	None of the above
209	In which types of lease expenses like maintenance, repair, and taxes are born by the lessor?	Operating lease	Finance lease	Both	None of the above
210	Due to retrospective effect on revision of salary of employees, the arrears of salary relating to past years, payable in current year will be treated as _____.	Extra - ordinary item	Ordinary item requiring separate disclosure	Prior - period item	Contingent item



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211	A bill of exchange drawn on April 12, 2025 as payable 3 months after sight was accepted on April 13, 2025. The bill's date of maturity will be _____.	July 17, 2025	July 15, 2025	July 16, 2025	July 12, 2025
212	Goods costing ₹1,0,000 were insured for ₹50,000. Out of these goods, 3/4th are destroyed by fire. The amount of average clause will be _____.	₹ 50,000	₹ 1,00,000	₹ 37,500	₹ 12,500
213	In the hire purchase system interest charged by vendor is calculated on the basis of _____.	Outstanding cash Price	Installment amount	Hire purchase Price	Installment amount
214	A lease which is generally not cancellable and covers full economic life of the asset is known as:	Sale and leaseback	Finance Lease	Operating Lease	Economic Lease
215	A machinery was purchased on Hire Purchase System. Its cash price was ₹ 5,20,000 which was payable in annual installments of ₹ 1,80,000 each including interest @ ₹15 per cent per annum. The amount of interest included in 2nd installment would be _____.	₹ 52,000	₹ 78,000	₹ 27,000	₹ 62,700
216	In financial lease as per As-19 leased assets is shown in the Balance	Lessor	Lessee	Both	None
217	Bhagwati 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	₹ 61,112	₹ 78,700	₹ 84,260	₹ 33,328
218	Standard Turnover: ₹12,00,000 Turnover during claim period: ₹8,00,000 G.P. Ratio: 40% Calculate the loss of gross profit.	₹ 2,00,000	₹ 80,000	₹ 4,00,000	₹ 1,60,000
219	Subscriptions received during the year ₹1,20,000 Subscriptions outstanding at the beginning ₹10,000 Subscriptions outstanding at the end ₹15,000 Subscriptions received in advance at the beginning ₹5,000 Subscriptions received in advance at the end ₹8,000 What is the amount of subscription income to be shown in the Income & Expenditure Account?	₹ 1,20,000	₹ 1,22,000	₹ 1,32,000	₹ 1,17,000
220	Tournament Fund at beginning = ₹1,00,000 Donations received for Tournament = ₹40,000 Tournament expenses = ₹1,10,000 What will be the closing balance of Tournament Fund?	₹ 30,000	₹ 40,000	₹ 50,000	₹ 20,000
221	Debtors at the beginning = ₹40,000 Debtors at the end = ₹50,000 Cash received from Debtors = ₹1,20,000 Bad Debts written off = ₹8,000 What are the Credit Sales for the year?	₹ 1,32,000	₹ 1,78,000	₹ 40,000	₹ 1,68,000



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222	Opening stock ₹40,000; Closing stock ₹30,000; Purchases ₹1,20,000; Sales ₹2,00,000. Calculate the Gross Profit.	₹ 70,000	₹ 50,000	₹ 60,000	₹ 80,000
223	An asset was purchased for ₹3,00,000. It is depreciated at 20% per annum on the reducing balance method. What will be the value of the asset at the end of 2 years?	₹ 1,53,600	₹ 1,92,000	₹ 2,40,000	None of these
224	Which of the following must have a credit balance in the Trial Balance?	Debtors	Creditors	Rent paid	Machinery
225	Bank balance as per Pass Book is ₹50,000. Bank collected interest ₹2,000 not yet recorded in the Cash Book. What is the Cash Book balance?	₹ 52,000	₹ 46,000	₹ 48,000	None of these



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### ANSWERS TO MCQ BANK

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.	Depreciation	2
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



# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

## FINANCIAL ACCOUNTING (PAPER - 6)

### ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
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
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? _____.	₹ 1,20,000	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



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## FINANCIAL ACCOUNTING (PAPER - 6)

### ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
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 Y 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
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.	₹ 3,60,000	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: _____.	₹ 1,20,000	1



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### ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
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 radio sets worth ₹1,00,000 to B incurring expenses of ₹5,000 for freight and issuance. B sold the 95 radio sets for ₹1,20,000. 5 radio 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.	₹ 1,50,000	1
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	₹ 1,20,000	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	₹ 4,20,000	3
69	Which of the following item does not match with receipts and payments account?	It records revenue transactions only	3



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### ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
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	₹ 2,15,000	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	A firm maintains a provision for bad debts at 5 % and a provision for discount at 2% on total debtors. Balances on April 01, 2023: Provision for bad and doubtful debts ₹5,000 Provision for discount on debtors ₹1,900 Total debtors on March 31, 2024 were ₹60,000 after writing off bad debts of ₹3,000 and allowing for discount of ₹1,750. The amount of provision for discount on debtors and the amount of provision for bad debts as on March	₹1,140; ₹3,000 respectively	3
75	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
76	Purchases ₹60,000, Purchase Return ₹10,000, Sales ₹80,000, Sales Return ₹80,000 Carriage outward ₹1,000, Office Rent ₹1,000. Compute Gross Profit.	₹ 20,000	1
77	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.	₹ 1,30,000	3
78	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 _____.	₹ 2,75,000	4
79	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	



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### ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
80	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
81	Which of the following is fixed asset?	Plant and machinery	1
82	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
83	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
84	In case of a Club, the excess of expenditure over income	Deficit	2
85	Donation received for a specific purpose is a/an	Capital Receipts	4
86	Which of the following account is mainly prepared at the time of dissolution of the firm	Realization A/c	3
87	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
88	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
89	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?	05:09	1
90	The share of Profits or Losses of Partners in absence of oral or written agreement will be _____.	Equal	1
91	In absence of specific provision in the Partnership deed at what rate of interest on Capital of the Partners would be allowed?	6%	3
92	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.	₹ 5,00,000	1
93	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
94	Excess of average profit earned by the Firm over and above its normal profit -	Super Profit	2



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### ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
95	Which of the following should be valued compulsorily at the time of admission of a partner_____.	Goodwill	1
96	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
97	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
98	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
99	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
100	A, B and C are Partners with Capitals of ₹1,00,000, ₹75,000 and ₹50,000. On C's retirement from the firm, A and C decided to share the future profits and losses in 3:2. Calculate gaining ratio.	3:2	1
101	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	2
102	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
103	When goodwill is withdrawn by the partners _____ account is credited.	Cash	1
104	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
105	Section 32 of the Indian Partnership Act, 1932 a partner may retire_____.	All of the above	4
106	Advertisement expenses are apportioned among departments in the proportion of _____.	sales of each department	1
107	Which one is/ are the method/s of Accounting for Branches ?	All of the above	4
108	Bad debts are apportioned among departments in the proportion of _____.	Number of units sold by each department	2
109	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
110	Goods are sent to the Branch at cost plus 25%. The loading on invoice price is _____.	20%	1
111	In Hire Purchase system cash price plus interest is known as	Hire purchase price of asset	3
112	Excess of hire purchase price over cash price is known as	Interest	3



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### ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
113	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_____.	1,08,000	3
114	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_____.	₹ 4,00,000	1
115	Goods are sent to branch at cost plus 50%. The loading on the invoice price is_____.	33.33%	3
116	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_____.	₹ 5,00,000	4
117	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
118	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
119	Standard turnover is _____.	Turnover during that period of 12 months immediately before which corresponds with indemnity period.	2
120	Departmental accounting helps in _____.	Both 1 and 2	3
121	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
122	The hire purchaser records the assets at its_____.	Cash price	3
123	Depreciation on hire purchased asset is claimed by	Hire purchaser	2
124	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
125	Under Debtors System of maintaining branch accounts, which of the following appears in Branch Account?	Goods returned by debtors to branch	2
126	Branches not keeping full system of accounting are called_____.	Independent branches	1
127	Assets are generally repossessed at a mutual agreed_____.	value	1
128	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



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### ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
129	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
130	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.	₹ 33,00,000	3
131	Accounting standard in India are issued by	The Institute of Chartered Accountants of India	3
132	As per AS 10 "Property, Plant and Equipment", an enterprise holding investment properties should value Investment Property _____.	using cost model	3
133	As per AS 16 all of the following are qualifying assets except	Assets those are ready for sale	3
134	All of the following costs are excluded while computing value of inventories except _____.	Allocated fixed production overheads based on normal capacity	2
135	Which of the following is not a fundamental accounting assumption?	Materiality	2
136	As per AS 1, where a company should disclose its accounting policies?	In the notes to Financial Statement	4
137	Full form of IFRS _____	International Financial Reporting Standards	2
138	Areas involving different accounting policies by different enterprises is/are _____	All of these	4
139	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
140	As per AS 22 an example of permanent difference is _____	All of these	4
141	Borrowing cost includes _____	Debenture Interest	1
142	Grants which are in the nature of Promoter's Contribution is accounted under _____	Capital Approach	1
143	₹ 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
144	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 of expense	2
145	As per AS 11 Monetary Items excludes _____.	Inventories	4
146	In accrual basis of accounting _____	Revenues are taken care of irrespective whether cash is received or not	1
147	According to the Cost Concept, assets are recorded in the books at _____.	Historical cost	3



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### ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
148	Under which concept is inventory valued at cost or market price, whichever is lower?	Conservatism Convention	3
149	Which of the following is not an accounting principle?	Prudence	2
150	If a company records personal expenses of the owner as business expenses then which concept is violated ?	Business Entity Concept	3
151	Which of the following expenditure/s is/are revenue in nature?	Routine repairs to machinery	4
152	Capital receipts are usually shown in the:	Balance Sheet	3
153	Which of the following is <b>not</b> a feature of capital expenditure?	It is incurred for day-to-day running of business	1
154	On 1st April, a business has: Cash ₹15,000, Furniture ₹5,000, Creditors ₹3,000. What will be the opening journal entry?	Cash A/c Dr. ₹10,000 Furniture A/c Dr. ₹5,000 To Creditors A/c ₹3,000 To Capital A/c ₹17,000	1
155	Transfer of net profit ₹7,000 to Capital Account. The entry will be _____.	Profit & Loss A/c Dr. ₹7,000 To Capital A/c ₹7,000	1
156	Which of the following statements is not true?	Ledger records only cash transactions	3
157	Discount allowed ₹200 on cash received ₹4,800 from Rama. What will be the posting in Cash Book?	Debit side: Cash ₹4,800, Discount ₹200	1
158	Cash Book shows a cash balance of ₹7,000 and bank overdraft of ₹2,500. What is the total of the debit side of this Three Column Cash Book?	₹ 7,000	2
159	Overdraft as per Cash Book is ₹14,000. A cheque issued ₹2,000 is not presented. Calculate the balance as per Pass Book.	₹12,000 Overdraft	2
160	Interest credited by bank ₹400, not yet recorded in Cash Book. What will be the adjustment?	Add ₹400 to Cash Book balance	2
161	Which of the following accounts appears in the Trial Balance?	Drawings	3
162	Furniture worth ₹25,000 was wrongly debited to Purchases A/c. What is the effect on the Trial Balance?	Trial Balance will tally	3
163	₹3,500 received from Mohan was wrongly credited to his account. What is the difference in the Trial Balance?	₹ 7,000	2
164	Salaries paid ₹10,000 were wrongly posted to Rent A/c. What will be the effect on Trial Balance?	No effect	4
165	A machine costing ₹2,00,000 is depreciated at 8% p.a. on WDV method. What is the depreciation for the 2nd year?	₹ 14,720	1
166	An asset costing ₹53,000 has a useful life of 5 years and residual value of ₹8,000. What is annual depreciation under SLM?	₹ 9,000	4
167	A machine bought on 1st July for ₹1,00,000 is depreciated at 10% p.a. on SLM. Accounts are closed on 31st March. What is depreciation for the first year?	₹ 5,000	2
168	Provision for doubtful debts is shown in the balance sheet as _____.	Deduction from debtors	2
169	A bill of ₹30,000 is discounted at 6% per annum for 3 months. What amount will be received after discounting?	₹ 29,551	3



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### ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
170	A bill of ₹50,000 is drawn for 2 months on 15th April. When will it mature?	18th June	2
171	During transit goods are under the ownership of _____ in case of a consignment.	Consignor	1
172	Which of the following is recorded in Consignment Account?	All of these	4
173	Which of the following is not a feature of consignment?	Ownership transfers to consignee	2
174	A Joint Venture is different from a partnership because:	It is for a specific purpose and limited period	3
175	A and B entered into a joint venture sharing profits in the ratio 3:2. A purchased goods worth ₹1,00,000 and B incurred expenses of ₹20,000. The entire goods were sold for ₹1,60,000. What is the profit of the venture?	₹ 40,000	1
176	M and N enter into a joint venture sharing profits in the ratio 2:1. M spends ₹24,000 and N spends ₹12,000. The sale proceeds are ₹72,000. What is the amount to be distributed as profit?	₹ 36,000	2
177	R and S started a joint venture contributing ₹60,000 and ₹40,000 respectively. They earned a profit of ₹50,000. If profit is shared in the ratio of their capital contributions, what is R's share?	₹ 30,000	3
178	A and B entered a joint venture. A paid ₹50,000 for goods, B paid ₹30,000 for expenses. Goods sold for ₹1,20,000. Profit-sharing ratio is 1:1. What is the share of profit for each co-venturers?	₹ 20,000	
179	Mr.A is a sole proprietor. He has Opening Capital = ₹3,00,000; Net Profit = ₹80,000; Drawings = ₹60,000. What is the Closing Capital?	₹ 3,20,000	1
180	Purchase Returns = ₹7,500; Sales Returns = ₹10,500; Total Purchases = ₹90,000; Total Sales = ₹1,35,000. What is Net Sales and Net Purchases?	₹1,24,500 and ₹82,500	2
181	Rent paid ₹18,000 includes ₹3,000 prepaid. What amount of rent will be debited to Profit & Loss Account?	₹ 15,000	1
182	The final accounts of an Not for Profit Organisation includes which of the following	Receipts & Payments Account, Income & Expenditure Account, Balance Sheet	2
183	Subscription received in advance is shown as:	Liability in Balance Sheet	1
184	Amount paid for stationery ₹8,000; Opening stock ₹5,000; Closing stock ₹3,000. What is the amount of Stationary Consumed?	₹ 10,000	1
185	Donation for building construction ₹2,00,000 is a _____.	Capital Receipt	2
186	Opening Debtors: ₹40,000; Closing Debtors: ₹50,000; Cash received from Debtors: ₹1,20,000; Bills received: ₹10,000; Bad debts: ₹3,000. Find Credit Sales.	₹ 1,43,000	2
187	Profit and Loss Appropriation Account is prepared to show:	Distribution of profits among partners	3
188	Total rent = ₹90,000. Floor area: Dept A = 2,000 sq ft; Dept B = 1,000 sq ft. Apportioned rent for Dept A is _____.	₹ 60,000	3
189	Manager's salary is ₹3,60,000 per annum. Time devoted by Dept P = 2/3 and Dept Q = 1/3. Salary chargeable to Dept Q will be _____.	₹ 1,20,000	2



## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

### FINANCIAL ACCOUNTING (PAPER - 6)

#### ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
190	Goods worth ₹30,000 were transferred from Department A to Department B at a profit of 25% on cost. If 40% of goods are unsold at year-end, what is the unrealised profit?	₹ 3,000	1
191	Loss of profit policy covers which of this?	Loss of gross profit during interruption	2
192	Standard Turnover: ₹4,00,000; Turnover during claim period: ₹1,00,000; G.P. Ratio: 30%. What is the amount of loss of profit?	90,000	1
193	Net profit: ₹1,00,000; Standing charges insured: ₹2,00,000; Turnover: ₹10,00,000. Calculate G.P. Ratio.	30%	3
194	Two or more mistakes in the books which result in cancelling each other out is known as _____.	Compensating Errors	2
195	Provision for Discount on Debtors is calculated on _____.	Good Debtors (after deducting Bad Debts and Provision for Doubtful Debts)	2
196	When provision for discount on debtors is created, which account is debited?	Profit & Loss A/c	3
197	A change in accounting policy is allowed only when _____.	It results in a more appropriate presentation	2
198	Which of the following is an accounting policies ?	All of these	4
199	Which of the following is not classified as PPE under AS 10?	Inventory	3
200	If Deepika's acceptance which was endorsed by us in favour of Manoj is dishonoured, then the amount will be debited in our books to	Deepika	1
201	Which lease transfer substantially all the risk and rewards incident to ownership of an asset?	Finance lease	2
202	If cash sales are ₹ 25,000, credit sales are ₹75,000 and consignee's del credere commission is 10%, the amount of del creder commission will be	₹ 10,000	3
203	Short-term lease which is often cancellable is known as	Operating Lease	3
204	Generally sacrifice ratio is concerned with the situation of:	Admission of a new partner	2
205	Interest to be allowed @ 0.75 per cent per month on Partners Capital of ₹60 Lakh; Manager's Commission @ 5 per cent of Net Profit before charging such commission. If the Net Profit before charging interest on capital and manager's commission amounted to ₹14.85 Lakh, then manager's commission will be _____.	₹ 47,250	1
206	A and B are partners. They are entitled for 9% interest on their capital contributions. The firm allowed ₹54,000 towards interest on capital to partners. What will be the capital contribution of B, if interest on A's capital is ₹13,500 more than the interest on B's capital?	₹ 2,25,000	4
207	The person who undertake an agreement, conveys to another person the right to use in return for rent, an asset for an agreed period of time _____.	Lessor	2
208	Operating lease is a _____.	Revocable contract	3



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209	In which types of lease expenses like maintenance, repair, and taxes are born by the lessor?	Operating lease	1
210	Due to retrospective effect on revision of salary of employees, the arrears of salary relating to past years, payable in current year will be treated as _____.	Ordinary item requiring separate disclosure	2
211	A bill of exchange drawn on April 12, 2022 as payable 3 months after sight was accepted on April 13, 2022. The bill's date of maturity will be _____.	July 16, 2022	3
212	Goods costing ₹1,0,000 were insured for ₹50,000. Out of these goods, 3/4th are destroyed by fire. The amount of average clause will be _____.	₹ 37,500	3
213	In the hire purchase system interest charged by vendor is calculated on the basis of _____.	Outstanding cash Price	1
214	A lease which is generally not cancellable and covers full economic life of the asset is known as:	Finance Lease	2
215	A machinery was purchased on Hire Purchase System. Its cash price was ₹ 5,20,000 which was payable in annual installments of ₹ 1,80,000 each including interest @ ₹15 per cent per annum. The amount of interest included in 2nd installment would be	₹ 62,700	4
216	In financial lease as per As-19 leased assets is shown in the Balanced sheet of _____.	Lessee	2
217	Bhagwati 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	₹ 61,112	1
218	Standard Turnover: ₹12,00,000 Turnover during claim period: ₹8,00,000 G.P. Ratio: 40% Calculate the loss of gross profit.	₹ 1,60,000	4
219	Subscriptions received during the year ₹1,20,000 Subscriptions outstanding at the beginning ₹10,000 Subscriptions outstanding at the end ₹15,000 Subscriptions received in advance at the beginning ₹5,000 Subscriptions received in advance at the end ₹8,000 What is the amount of subscription income to be shown in the Income & Expenditure Account?	₹ 1,22,000	2
220	Tournament Fund at beginning = ₹1,00,000 Donations received for Tournament = ₹40,000 Tournament expenses = ₹1,10,000 What will be the closing balance of Tournament Fund?	₹ 30,000	1
221	Debtors at the beginning = ₹40,000 Debtors at the end = ₹50,000 Cash received from Debtors = ₹1,20,000 Bad Debts written off = ₹8,000 What are the Credit Sales for the year?	₹ 1,32,000	1
222	Opening stock ₹40,000; Closing stock ₹30,000; Purchases ₹1,20,000; Sales ₹2,00,000. Calculate the Gross Profit.	₹ 70,000	1



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223	An asset was purchased for ₹3,00,000. It is depreciated at 20% per annum on the reducing balance method. What will be the value of the asset at the end of 2 years?	₹ 1,92,000	2
224	Which of the following must have a credit balance in the Trial Balance?	Creditors	2
225	Bank balance as per Pass Book is ₹50,000. Bank collected interest ₹2,000 not yet recorded in the Cash Book. What is the Cash Book balance?	₹ 48,000	3