

Scanner Appendix

CMA Foundation (2022 Syllabus)

(Questions and Answers of December - 2023)

Paper - 2 : Fundamentals of Financial and Cost Accounting

Chapter - 1A : Accounting Frameworks, Principles, Concepts and Conventions

2023 - Dec [54] Accounting does not record non-financial transactions because of:

- (a) accrual concept.
- (b) going concern concept.
- (c) money measurement concept.
- (d) entity concept.

(2 marks)

Answer:

- (c) money measurement concept.

2023 - Dec [68] The accounting equation "Assets = Liabilities + Owners Equity" is formal expression of the:

- (a) Money Measurement Concept
- (b) Matching Concept
- (c) Full Disclosure Concept
- (d) Dual Aspect Concept

(2 marks)

Answer:

- (d) Dual Aspect Concept

Chapter - 1B : Capital and Revenue Transactions

2023 - Dec [53] An expenditure is capital in nature when:

- (a) the receiver of the amount is going to treat it for the purchase of fixed assets.
- (b) it increases the quantity of fixed assets.

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- (c) it is paid as interest on loans for the business.
- (d) it maintains of fixed asset.

(2 marks)

Answer:

- (a) the receiver of the amount is going to treat it for the purchase of fixed assets.

2023 - Dec [66] Which is intended to be used over long term for earning profits there from?

- (a) Revenue Expenditure
- (b) Capital Expenditure
- (c) Deferred Revenue Expenditure
- (d) Both (b) and (c)

(2 marks)

Answer:

- (b) Capital Expenditure.

Chapter - 1C : Accounting Cycle, Double Entry System, Journal Ledger, Cash Book, Trial Balance

2023 - Dec [52] Credit purchase of fixed asset are recorded in:

- (a) Journal proper
- (b) Purchase book
- (c) Cash book
- (d) Petty cash book

(2 marks)

Answer:

- (a) Journal proper.

2023 - Dec [56] Which one is wrong?

- (a) Debit the receiver, credit the giver.
- (b) Debit all incomes, credit all expenses.
- (c) Debit what comes in, credit what goes out.
- (d) Debit all assets, credit all liabilities.

(2 marks)

Answer:

- (b) Debit all incomes, credit all expenses.

2023 - Dec [57] Which of the following is step of Accounting Cycle?

- (a) Ledger
- (b) Adjusted trial balance

(c) Financial statements
(d) All of the above

(2 marks)

Answer:

(d) All of the above

2023 - Dec [79] Prepaid Insurance Account is a:

(a) Nominal Account
(b) Real Account
(c) Representative Personal Account
(d) Artificial Personal Account

(2 marks)

Answer:

(c) Representative Personal Account

2023 - Dec [80] A Trial Balance shows:

(a) complete accuracy of accounts.
(b) honesty of accounts.
(c) complete accuracy of accounts as well as Honesty of accounts.
(d) only arithmetical accuracy of accounts.

(2 marks)

Answer:

(d) only arithmetical accuracy of accounts.

Chapter - 1D : Bank Reconciliation Statement

2023 - Dec [59] Bank has directly paid ₹ 2,250 for electricity bill as per standing instructions. In Bank Reconciliation Statement starting with Pass Book overdraft:

(a) ₹ 2,250 will be added to Pass Book overdraft.
(b) ₹ 4,500 will be added to Pass Book overdraft.
(c) ₹ 2,250 will be deducted from Pass Book overdraft.
(d) None of the above

(2 marks)

Answer:

(c) ₹ 2,250 will be deducted from Pass Book overdraft.

2023 - Dec [69] When a cheque is received and it has been deposited into the bank at a later date, then on the later date the _____ will be credited.

(a) Bank Account
(b) Cash Account

(c) Either Bank Account or Cash Account
(d) Debtor's Personal Account

(2 marks)

Answer:

(b) Cash Account

Chapter - 1E : Adjustment Entries and Rectification of Errors

2023 - Dec [51] Goods bought for ₹ 32,000 passed through sales day book will result in:

(a) no effect on gross profit.
(b) decrease in gross profit.
(c) decrease in net profit.
(d) increase in gross profit.

(2 marks)

Answer:

(d) increase in gross profit.

Chapter - 1F : Depreciation

2023 - Dec [55] The book value of asset was ₹ 1,45,800, after charging three years depreciation @ 10% per annum on Written Down Value basis. What was the original cost of the machine?

(a) ₹ 1,60,000
(b) ₹ 1,80,000
(c) ₹ 2,00,000
(d) ₹ 2,20,000

(2 marks)

Answer:

(c) ₹ 2,00,000

2023 - Dec [58] Purchase price of machine ₹ 8,90,000, freight and cartage ₹ 7,000, installation charges ₹ 30,000, insurance charges ₹ 20,000, estimated useful life 5 years with no residual value. Calculate the amount of second year depreciation under straight line method.

(a) ₹ 1,69,400
(b) ₹ 1,79,400
(c) ₹ 1,85,400
(d) ₹ 1,77,900

(2 marks)

Answer:

(c) ₹ 1,85,400

Chapter - 1G : Bad Debts and Provision for Doubtful Debts

2023 - Dec [65] The debts written off earlier as bad, if recovered subsequently are:

- (a) credited to Bad Debts recovered Account.
- (b) credited to Debtor's Personal Account.
- (c) debited to Profit and Loss Account.
- (d) credited to Bad Debts Account.

(2 marks)

Answer:

- (a) credited to Bad Debts recovered Account.

2023 - Dec [77] The following information is given in the trial balance of Shekhar Stores on 31st March, 2023:

Bad Debts ₹15,500

Debtors ₹ 3,00,000

Provision for Bad and Doubtful Debts on 01.04.2022 ₹ 18,000.

If the Shekhar Stores makes a provision for bad and doubtful debts @ 5% on debtors, the amount for such provision, charged to profit and loss account for the year ending 31.03.2023, will be:

- (a) ₹ 15,000
- (b) ₹ 12,500
- (c) ₹ 17,500
- (d) ₹ 11,725

(2 marks)

Answer:

- (b) ₹ 12,500

Chapter - 2A : Consignment

2023 - Dec [61] On receipt of goods, the consignee debits which of these accounts?

- (a) Purchase Account
- (b) Goods Account
- (c) Consignors Account
- (d) None of the above

(2 marks)

Answer:

- (d) None of the above

2023 - Dec [62] X sends out goods to Y, costing ₹ 2,50,000. Goods are to be sold at cost +25%. The consignor asked consignee to pay an advance for an amount equivalent to 60% of sales value. The amount of advance will be:

- (a) ₹ 1,80,000
- (b) ₹ 2,00,000
- (c) ₹ 1,50,000
- (d) ₹ 1,87,500

(2 marks)

Answer:

- (d) ₹ 1,87,500

2023 - Dec [83] Which of these accounts is not opened in the books of consignor?

- (a) Consignment Account
- (b) Commission Account
- (c) Goods Send on Consignment Account
- (d) Consignees Personal Account

(2 marks)

Answer:

- (b) Commission Account

Chapter - 2B : Joint Venture

2023 - Dec [60] Goods costing ₹ 20,000 destroyed by an accident, insurance claim nil:

- (a) ₹ 20,000 will be credited to joint venture account
- (b) No entry will be made in the books of joint venture
- (c) ₹ 20,000 will be debited in joint venture account as loss
- (d) ₹ 15,000 will be credited in joint venture account

(2 marks)

Answer:

- (b) No entry will be made in the books of joint venture

2023 - Dec [63] Joint venture account is of the nature of:

- (a) Personal A/c
- (b) Nominal A/c
- (c) Real A/c
- (d) Suspense A/c

(2 marks)

Answer:

- (b) Nominal A/c

Chapter - 2C : Bills of Exchange

2023 - Dec [64] At the time of dishonour of an endorsed bill which one of these accounts would be credited by the drawee?

- (a) Bill Payable Account
- (b) Drawer's Account
- (c) Bank Account
- (d) Bills Dishonoured Account

(2 marks)

Answer:

- (b) Drawer's Account

2023 - Dec [81] 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.

- (a) Holder
- (b) Payee
- (c) Drawer
- (d) Endorser

(2 marks)

Answer:

- (b) Payee

2023 - Dec [82] Retirement of bill means:

- (a) making payment before the due date.
- (b) cancellation of the bill.
- (c) sending the bill for collection.
- (d) endorsing the bill in favour of third party.

(2 marks)

Answer:

- (a) making payment before the due date.

Chapter - 3A : Financial Statements of Sole Proprietorship

2023 - Dec [67] When Opening stock ₹ 50,000; Closing stock ₹ 40,000; Sales ₹ 2,40,000, if the profit margin is 20% on cost, then purchases will be:

- (a) ₹ 1,90,000
- (b) ₹ 1,82,000
- (c) ₹ 2,00,000
- (d) ₹ 2,02,000

(2 marks)

Answer:

- (a) ₹ 1,90,000

2023 - Dec [73] In case of sole proprietorship, income tax is:

- (a) debited to profit and loss account.
- (b) shown in the balance sheet as a current liability.
- (c) treated as proprietor's personal expense.
- (d) None of the above

(2 marks)

Answer:

- (c) treated as proprietor's personal expense.

2023 - Dec [74] Which of the following are included in the trading and profit and loss account?

- (a) Revenue expenditures and incomes
- (b) Revenue as well as capital expenditures and incomes
- (c) Revenue expenditures
- (d) Revenue incomes

(2 marks)

Answer:

- (a) Revenue expenditures and incomes

2023 - Dec [76] When at the end of year the entry "Closing stock A/c debit with ₹ 65,000 and Purchases A/c credit with ₹ 65,000" is made in the books then closing stock will be shown:

- (a) in trading account only.
- (b) in balance sheet only.
- (c) both in trading account and balance sheet.
- (d) in footnote with balance sheet.

(2 marks)

Answer:

- (b) in balance sheet only.

2023 - Dec [78] (1) Purchases ₹ 15,20,000 (2) Wages and Salaries ₹ 2,10,000 (3) Sales ₹ 21,60,000 (4) Opening Stock ₹ 2,08,000 (5) Closing Stock ₹ 2,20,000 (6) Audit fee ₹ 15,000. Gross profit will be:

- (a) ₹ 4,27,000
- (b) ₹ 6,52,000
- (c) ₹ 4,42,000
- (d) ₹ 6,37,000

(2 marks)

Answer:

- (c) ₹ 4,42,000

2023 - Dec [84] The Profit and Loss Account shows the:

- (a) financial results of the concern for a period.
- (b) financial position of the concern on a particular date.
- (c) financial results of the concern on a particular date.
- (d) cost of goods sold during the period.

(2 marks)

Answer:

- (a) financial results of the concern for a period.

Chapter - 3B : Financial Statements of Not-for Profit Organisation

2023 - Dec [70] At the end of the accounting year outstanding subscription and outstanding rent of a club will be shown _____ in the balance sheet.

- (a) both on liabilities side
- (b) both on assets side
- (c) outstanding subscription on liabilities side and outstanding rent on assets side
- (d) outstanding subscription on assets side and outstanding rent on liabilities side

(2 marks)

Answer:

- (d) outstanding subscription on assets side and outstanding rent on liabilities side

2023 - Dec [71] Salaries have been shown in income and expenditure account ₹ 3,00,000. It was outstanding at beginning of the year ₹ 42,000 and end of the year for three months. The salaries paid during the year will be:

- (a) ₹ 3,00,000
- (b) ₹ 2,67,000
- (c) ₹ 3,33,000
- (d) ₹ 2,56,500

(2 marks)

Answer:

- (b) ₹ 2,67,000

2023 - Dec [72] Which of the following items are usually related to non-profit organizations?

- (1) Endowments
- (2) Legacy
- (3) Life Membership Fee

- (4) Transfer fee

- (5) Entrance fee

Select the correct answer from the options given below:

<ul style="list-style-type: none"> (a) (1), (2), (4) and (5) (c) (1), (2), (3) and (5) 	<ul style="list-style-type: none"> (b) (2), (3), (4) and (5) (d) (1), (2), (3) and (4)
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(2 marks)

Answer:

- (c) (1), (2), (3) and (5)

2023 - Dec [75] (1) Income and Expenditure Account and (2) Receipts and Payments Account, are prepared:

- (a) on the cash basis.
- (b) on the accrual basis.
- (c) (1) on the cash basis and (2) on the accrual basis.
- (d) (1) on the accrual basis and (2) on the cash basis.

(2 marks)

Answer:

- (d) (1) on the accrual basis and (2) on the cash basis.

2023 - Dec [85] Which of the following is/are prepared by non-profit organizations?

- (a) Income & Expenditure Account
- (b) Receipts and Payments Account
- (c) Balance Sheet
- (d) All of the above

(2 marks)

Answer:

- (d) All of the above

Chapter - 4A : Basics of Cost Accounting and Application of Cost Accounting for Business Decisions

2023 - Dec [89] The main purpose of cost accounting is to:

- (a) maximize profits.
- (b) help in inventory valuation.
- (c) provide information to management for decision making.
- (d) aid in the fixation of selling price.

(2 marks)

Answer:

- (c) provide information to management for decision making.

Chapter - 4B : Important Definitions and Classification of Costs**2023 - Dec [86]** Indirect material cost is a part of:

(a) Material Consumed	(b) Prime Cost
(c) Chargeable Expenses	(d) Factory Overhead

(2 marks)

Answer:

(d) Factory Overhead

2023 - Dec [88] In classification by function, costs are divided into:

(a) Material, Employee and Expenses.
(b) Manufacturing, Administrative, Selling and Distribution costs.
(c) Fixed, Variable and Semi-variable costs.
(d) Controllable and Uncontrollable costs.

(2 marks)

Answer:

(b) Manufacturing, Administrative, Selling and Distribution costs.

2023 - Dec [90] Which one is 'False'?

(a) Fixed costs per unit increase with increase in output.
(b) Out of pocket costs involve payment to outsiders.
(c) Rent on own building is imputed cost.
(d) Tender is an estimation of selling price.

(2 marks)

Answer:

(a) Fixed costs per unit increase with increase in output.

2023 - Dec [92] A cost unit is:

(a) measure of work output in a standard hour.
(b) a unit of production or service in relation to which costs are ascertained.
(c) cost per labour hour.
(d) cost per machine hour.

(2 marks)

Answer:

(b) a unit of production or service in relation to which costs are ascertained.

2023 - Dec [96] Which costing method is used by Spare-parts manufacturing industry?

(a) Process Costing
(b) Job Costing

(c) Batch Costing
(d) Absorption Costing

(2 marks)

Answer:

(c) Batch Costing

2023 - Dec [97] Directors remuneration and expenses are form a part of:

(a) Production Overhead
(b) Administration Overhead
(c) Selling Overhead
(d) Distribution Overhead

(2 marks)

Answer:

(b) Administration Overhead

2023 - Dec [98] Interest on own capital is:

(a) Cash Cost
(b) Notional Cost
(c) Sunk Cost
(d) Part of Prime Cost

(2 marks)

Answer:

(b) Notional Cost

2023 - Dec [99] Cost Accounting Standard(CAS)-9 is related to:

(a) Captive Consumption
(b) Packing Material Cost
(c) Repairs and Maintenance Cost
(d) Direct Expenses

(2 marks)

Answer:

(b) Packing Material Cost

Chapter - 4C : Ascertainment of Cost and Preparation of Cost Sheet**2023 - Dec [87]** Which of the following is a part of both Prime Cost and Conversion Cost?

(a) Direct Material	(b) Indirect Labour
(c) Direct Labour	(d) All of the above

(2 marks)

Answer:

(c) Direct Labour

2023 - Dec [91] Statement showing break up of cost is known as:

- (a) Tender
- (b) Production Account
- (c) Statement of Profit
- (d) Cost Sheet

(2 marks)

Answer:

- (d) Cost Sheet

2023 - Dec [93] From the following information, find out purchases of raw material when raw material consumed is ₹ 53,000, closing stock ₹ 9,000 and opening stock ₹ 6,000:

- (a) ₹ 53,000
- (b) ₹ 56,000
- (c) ₹ 50,000
- (d) ₹ 68,000

(2 marks)

Answer:

- (b) ₹ 56,000

2023 - Dec [94] Which of the following terms is/are excluded from the cost accounts?

- (a) Income tax
- (b) Interest on debenture
- (c) Cash discount
- (d) All of the above

(2 marks)

Answer:

- (d) All of the above

2023 - Dec [95] Direct Wages ₹ 2,46,000 and Factory Cost ₹ 5,60,000. If the ratio of Direct Wages and Factory Overhead is 3 : 1 then Direct Material Cost will be:

- (a) ₹ 3,14,000
- (b) ₹ 3,96,000
- (c) ₹ 3,73,333
- (d) ₹ 2,32,000

(2 marks)

Answer:

- (d) ₹ 2,32,000

2023 - Dec [100] Direct Expenses are also known as:

- (a) Overhead Expenses
- (b) Manufacturing Expenses
- (c) Administrative Expenses
- (d) Chargeable Expenses

(2 marks)

Answer:

- (d) Chargeable Expenses

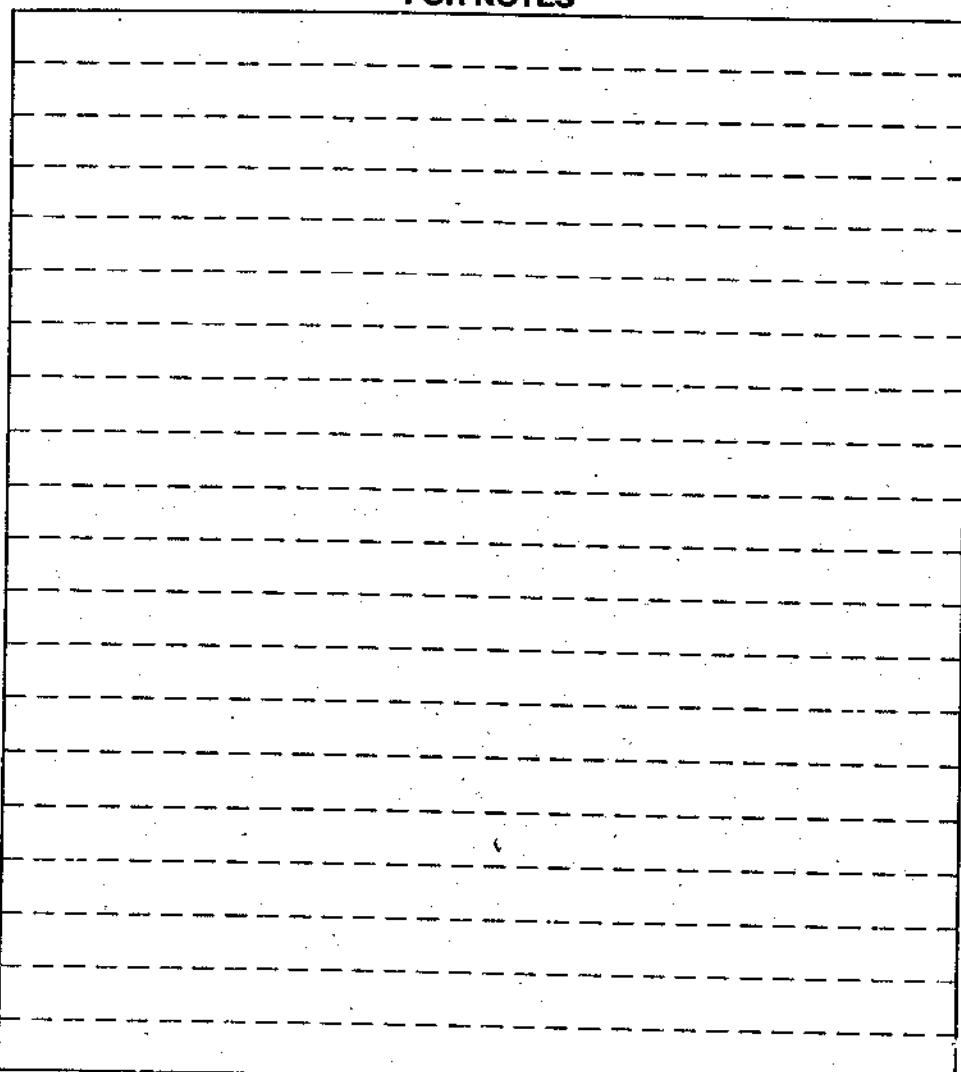
Shuchita Prakashan (P) Ltd.

B-45/141, Street No. 5,
Guru Nanak Pura Laxmi Nagar,
Delhi - 110092

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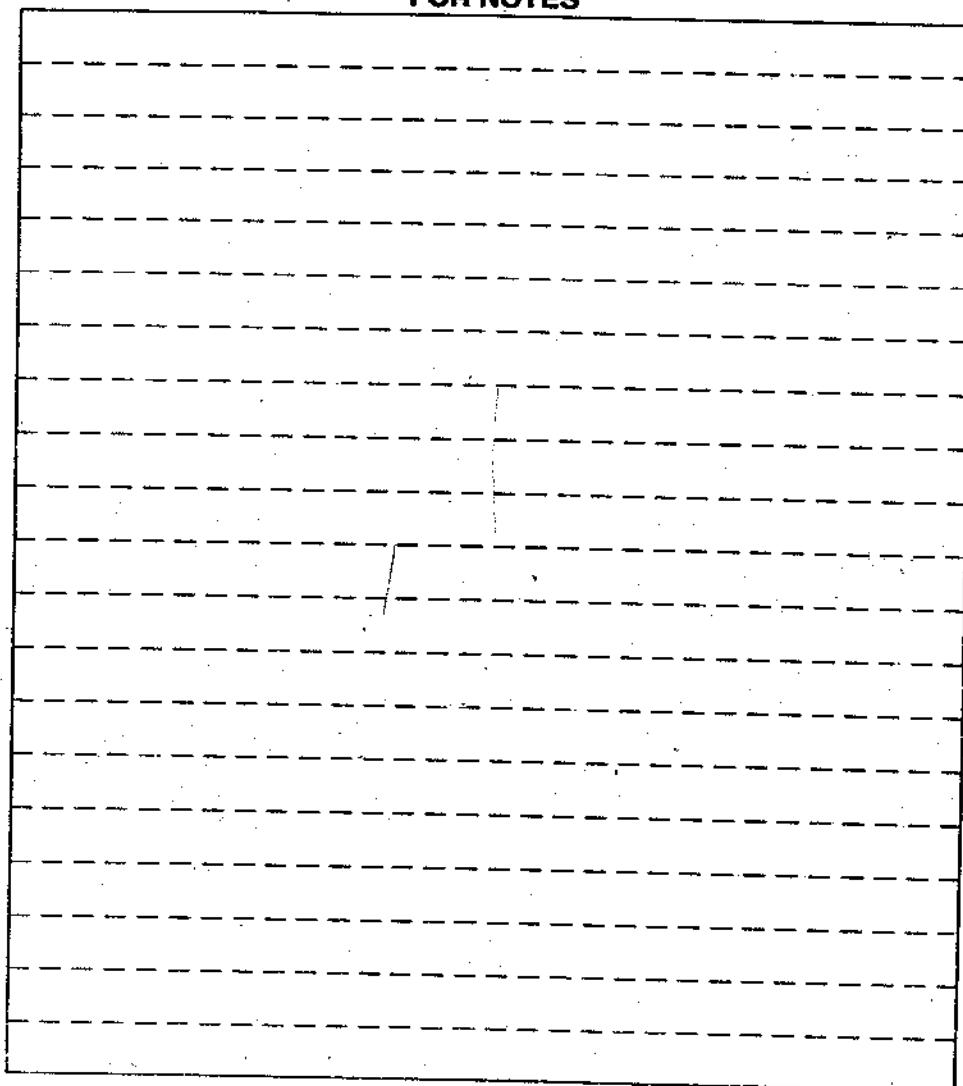


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FOR NOTES



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