

TOPIC WISE PREVIOUS YEAR PAPERS FOR CA-FOUNDATION (ACCOUNTANCY)

Chapter-1 (Basic Concepts & Accounting Policies)

1. State with reasons whether the following statements are True or False: (2 Mark Each)
 - i. The financial statement must disclose all the relevant and reliable information in accordance with the full disclosure principle. **(Dec 2023)**
 - ii. The gain from sale of capital assets is added to revenue to ascertain the net profit of the business. **(Dec 2023)**
 - iii. Depreciation is non-cash and non-operating expense which is to be provided for if there are profits. **(Dec 2023)**
 - iv. Sum of the year's digit method is an example of accelerated method of charging depreciation. **(Dec 2023)**
 - v. Inauguration expenses of ₹10 lakhs incurred on the new unit in an existing business is a capital expenditure. **(Dec 2023)**
 - vi. Discount column of cash book records the trade discount. **(Dec 2023)**
 - vii. If Closing Stock appears in the Trial Balance then it does not enter in Trading Account. It is shown only in the Balance Sheet. **(June 2024)**
 - viii. If the amount is posted in the wrong account or it is written on the wrong side of the account, it is called error of principle. **(June 2024)**
 - ix. Accounting Standards can override the statute. **(June 2024)**
 - x. Promissory Note is different from Bill of Exchange because the amount is paid by the maker in case of former and by the acceptor in the later. **(June 2024)**
 - xi. All errors are rectified by means of journal entries. **(June 2024)**
 - xii. Revaluation Account is also known as Profit and Loss Adjustment account. **(June 2024)**
 - xiii. Nominal Accounts are balanced at the end of the Accounting Year. **(Sep 2024)**
 - xiv. Overhaul Expenses of a second-hand machinery purchased are Revenue Expenditure. **(Sep 2024)**

- xv. Valuation of inventory at cost or net realizable value is based on Principle of Conservatism. **(Sep 2024)**
- xvi. A Promissory Note can be made payable to the Bearer. **(Sep 2024)**
- xvii. The Receipts and payment account for a non–profit organization follows the accrual concept of accounting. **(Sep 2024)**
- xviii. Legal heirs of a deceased partner are entitled to his capital account balance only. **(Sep 2024)**
- xix. Matching concept is based on accrual concept. **(May 2025)**
- xx. Customers of business should not be considered as users of accounts prepared by business. **(May 2025)**
- xxi. Under inflationary conditions, FIFO will not show lowest value of cost of goods sold. **(May 2025)**
- xxii. For redemption of preference shares, proceeds from fresh issue of equity shares and debentures can be utilized. **(May 2025)**
- xxiii. Book keeping and accounting are not synonymous terms; they are different from each other. **(May 2025)**
- xxiv. A ledger is also known as the principal books of accounts. **(May 2025)**
- xxv. Matching concept is based on accrual concept. **(Jan 2025)**
- xxvi. Customers of business should not be considered as users of accounts prepared by business. **(Jan 2025)**
- xxvii. Under inflationary conditions, FIFO will not show lowest value of cost of goods sold. **(Jan 2025)**
- xxviii. For redemption of preference shares, proceeds from fresh issue of equity shares and debentures can be utilized. **(Jan 2025)**
- xxix. Book keeping and accounting are not synonymous terms; they are different from each other. **(Jan 2025)**
- xxx. A ledger is also known as the principal books of accounts. **(Jan 2025)**

2. (i) Define accounting policy. What are the conditions under which a company can change its accounting policy? **(4 Marks - June 2024)**
(ii) Explain the following:
 - a) Cash Basis of Accounting **(June 2024)**
 - b) Going Concern concept **(June 2024)**
3. Briefly explain the following: **(4 Marks — Dec 2023)**
 - i. Conversion Cost
 - ii. Diminishing Balance Method
 - iii. Money Measurement Concept
 - iv. Realisation Concept
4. Differentiate between Book-keeping and Accounting. **(4 Marks — Sep 2024)**
5. Explain four main functions of Accounting. **(4 Marks — Jan 2025)**
6. Partners in a partnership firm will share the profits of business according to their capital contribution in the absence of any agreement. **(4 Marks — Jan 2025)**
7. LLP should have two designated partners who are resident in India. **(4 Marks — Jan 2025)**
8. A Non-Profit Organization registered under Section 8 of Companies Act, 2013 can distribute its surplus among its members. **(4 Marks — Jan 2025)**
9. Short Notes **(4 Marks — May 2025)**
10. Objectives of Accounting Standards. **(4 Marks — May 2025)**
11. Difference between a liability and a contingent liability. **(4 Marks — May 2025)**
12. What are the importance of Journal? **(5 Marks — Jun 2023)**
13. What are the sub-fields of Accounting? **(5 Marks — Dec 2023)**
14. What are the advantages of Double Entry System? **(5 Marks — Jan 2025)**
15. Define Measurement and Valuation Principles in brief. **(5 Marks — May 2025)**
16. What are the advantages of Subsidiary Books? **(5 marks - June 2024)**