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SCANNER® Notes

CMA FOUNDATION · PAPER 2 · FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING

Scanner Notes 2.0

Complete Paper · Student Notes for the whole of Paper 2

4 Chapters · 20 Blocks · 1055 Classified Questions · 1245 Marks

Built from the Shuchita CMA Foundation Scanner, 2026 July edition (Thirtieth), and its printed front matter.

How to use this booklet

Work block by block. Start with the "Read first" line, which sends you to the CHEAT SHEET your Scanner already prints for that block — this booklet does not repeat it. Then read the NOTES panel, which carries only what the CHEAT SHEET does not: what the examiner has actually asked, and where the marks are lost.

Then prepare level by level. Each level names the **skill the question calls for** and lists the exact Scanner questions to practise at that level.

Question lines show: **printed section · sitting · question number · marks · Scanner page**, then the section again in the column beside it and the **difficulty** of the question. **PYQ** is a past-year question, **MQP** a Mock Question Paper question, **MODEL** a Model question. All are printed in your Scanner; nothing here is invented.

The heading above each group names the skill — **REMEMBERING**, **UNDERSTANDING**, **APPLYING**, **ANALYSING**. Every Foundation question is an objective, so the band is read from what the question gives you and what it asks you to do between the stem and the options. **ICMAI publishes no skill-assessment grid** for the Foundation papers, so no weighting is implied here on the Institute's

behalf.

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Contents

Block Ranking — Exam Weightage Guide....4

Chapter 1: Accounting Fundamentals (Importance: B)....6

1.1 Understanding of Four Frameworks of Accounting and Forms of Organisation (Importance: B)....6
1.2 Accounting Principles, Concepts and Conventions (Importance: B)....10
1.3 Capital and Revenue Transactions (Importance: C)....15
1.4 Accounting Cycle (Importance: C)....19
1.5 Journal and Ledger (Importance: B)....21
1.6 Cashbook and Bank Reconciliation Statement (Importance: B)....23
1.7 Trial Balance (Importance: C)....27
1.8 Adjustment Entries and Rectification of Errors (Importance: B)....29
1.9 Depreciation (Importance: B)....32
1.10 Accounting Treatment of Bad Debts and Provision for Doubtful Debts (Importance: C)....36

Chapter 2: Accounting for Special Transactions (Importance: B)....39

2.1 Consignment (Importance: B)....39
2.2 Joint Venture (Importance: B)....44
2.3 Bills of Exchange (Importance: B)....47

Chapter 3: Preparation of Final Accounts (Importance: A)....52

3.1 Preparation of Financial Statements of Sole Proprietorship (Importance: A)....52
3.2 Preparation of Financial Statements of a Not-For-Profit Organisation (Importance: B)....61

Chapter 4: Fundamentals of Cost Accounting (Importance: A)....67

4.1 Meaning, Definition, Significance of Cost Accounting, its Relationship with Financial Accounting (Importance: C)....67
4.2 Application of Cost Accounting for Business Decisions (Importance: C)....71
4.3 Definition of Cost, Cost Centre, Cost Unit and Cost Drivers (Importance: C)....74
4.4 Classification of Costs (Importance: A)....76
4.5 Ascertainment of Cost and Preparation of Statement of Cost and Profit (Cost Sheet) (Importance: B)....84

What to correct in your copy, 2026 July Edition....89

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STUDY PRIORITY GUIDE

Block Ranking — Exam Weightage

Read first: Every block of this paper is ranked below by its share of the **1245 marks** carried by the 1055 questions the Scanner prints, 2026 July Edition — and graded A, B or C on cumulative coverage. The ranking is weighted on **marks, not on question counts**: every past-year question in this paper prints its marks, so the weighting rests on a printed figure. **Category A (ranks 1–9)** covers the first 60% of the paper's marks: with the passing standard at 40% and an aggregate of 50%, a student who prepares the A-blocks to full command holds a clear margin. **Category B (ranks 10–12)** adds the next 15%, taking coverage to about 75%. **Category C (ranks 13–20)** is the remaining 25%, a long tail that is slower to mine and largely covered while preparing A and B. **IMP.** is the Scanner's own Importance grade for that block, and **Pg.** cross-references the page on which the block's notes begin.

#	CAT.	IMP.	CHAPTER	BLOCK	SHARE	CUM.	PG.
1	A	A	Fundamentals of Cost Accounting	4.4 Classification of Costs	14.2%	14.2%	76
2	A	A	Preparation of Final Accounts	3.1 Preparation of Financial Statements of Sole Proprietorship	9.7%	23.9%	52
3	A	B	Accounting Fundamentals	1.2 Accounting Principles, Concepts and Conventions	7.6%	31.6%	10
4	A	B	Preparation of Final Accounts	3.2 Preparation of Financial Statements of a Not-For-Profit Organisation	6.9%	38.5%	61
5	A	B	Fundamentals of Cost Accounting	4.5 Ascertainment of Cost and Preparation of Statement of Cost and Profit (Cost Sheet)	5.7%	44.2%	84
6	A	B	Accounting for Special Transactions	2.1 Consignment	5.5%	49.7%	39
7	A	B	Accounting Fundamentals	1.6 Cashbook and Bank Reconciliation Statement	5.0%	54.7%	23
8	A	B	Accounting for Special Transactions	2.3 Bills of Exchange	4.7%	59.4%	47
9	A	B	Accounting Fundamentals	1.9 Depreciation	4.6%	64.0%	32
10	B	B	Accounting Fundamentals	1.8 Adjustment Entries and Rectification of Errors	4.6%	68.6%	29
11	B	B	Accounting Fundamentals	1.5 Journal and Ledger	4.3%	72.9%	21
12	B	B	Accounting Fundamentals	1.1 Understanding of Four Frameworks	4.3%	77.2%	6

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#	CAT.	IMP.	CHAPTER	BLOCK	SHARE	CUM.	PG.
				of Accounting and Forms of Organisation			
13	C	C	Accounting Fundamentals	1.3 Capital and Revenue Transactions	4.3%	81.4%	15
14	C	B	Accounting for Special Transactions	2.2 Joint Venture	3.8%	85.2%	44
15	C	C	Fundamentals of Cost Accounting	4.2 Application of Cost Accounting for Business Decisions	2.9%	88.1%	71
16	C	C	Fundamentals of Cost Accounting	4.3 Definition of Cost, Cost Centre, Cost Unit and Cost Drivers	2.7%	90.8%	74
17	C	C	Fundamentals of Cost Accounting	4.1 Meaning, Definition, Significance of Cost Accounting, its Relationship with Financial Accounting	2.6%	93.4%	67
18	C	C	Accounting Fundamentals	1.10 Accounting Treatment of Bad Debts and Provision for Doubtful Debts	2.5%	95.9%	36
19	C	C	Accounting Fundamentals	1.4 Accounting Cycle	2.2%	98.1%	19
20	C	C	Accounting Fundamentals	1.7 Trial Balance	1.9%	100.0 %	27

> Share % is a marks signal drawn from the Scanner — what the examiner has actually paid for. The **Importance** grade (A–D) printed against each Chapter heading is the **Scanner's own**, taken from the Star Rating of Chapter page and the IMP. column of the Scanner's own contents page. The two measure different things, and where they diverge, prepare to the higher of the two standards. No Foundation block prints a frequency table, so nothing is declared that the book does not also ask.

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CHAPTER 1

Accounting Fundamentals

10 Blocks · 396 Classified Questions · 513 Marks · Importance: B

SKILL REQUIRED share of the chapter's 513 marks — this chapter reads **weighted towards recall and explanation**

Analysing	13%	69 of 513 marks · 32 questions
Applying	4%	23 of 513 marks · 20 questions
Understanding	24%	122 of 513 marks · 101 questions
Remembering	58%	299 of 513 marks · 243 questions

This chapter is answered from classification, not calculation. The examiner asks which concept governs, which account is debited, which error affects the trial balance — and the four options are always four plausible neighbours. Prepare it by learning the boundaries between terms, not by working sums.

Understanding of Four Frameworks of Accounting and Forms of Organisation

CMAL1P2-C1-B1.1 · IMPORTANCE B · SCANNER PAGE 1 · 50 QUESTIONS

Read first The CHEAT SHEET at the head of block 1.1 in your Scanner, pages 1 to 6. These notes do not repeat it.

NOTES

Business entity	the owner and the business are separate persons — which is why capital is a liability
Going concern	the business will continue, so assets are split into fixed and current
Money measurement	only what can be expressed in money is recorded — human resources are not
Cost concept	assets are recorded at historical cost, which is why historical costs are **not relevant** for decisions
Accrual	revenue and expense belong to the period they occur in, not the period they are paid in
Matching	expenses are set against the revenue they helped earn — this is what fixes the period's profit

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Conservatism (prudence)	provide for all losses, anticipate no profit — the basis of the provision for doubtful debts
Materiality	round off the paise; an immaterial item need not be shown separately
Consistency	the same treatment year on year, so that periods can be compared

The two that are confused most often. Provision for doubtful debts rests on **conservatism**, not on matching. Rounding to the rupee rests on **materiality**, not on conservatism. Both pairs are printed as options against each other.

The three classes of account and their rules. Personal — debit the receiver, credit the giver. Real — debit what comes in, credit what goes out. Nominal — debit expenses and losses, credit incomes and gains.

Personal accounts come in three kinds: natural (Ram), artificial (SBI, a company, a firm) and representative (Outstanding Rent, Prepaid Insurance). Outstanding Rent is therefore **not** a real account, which is what one question turns on.

The accounting equation. Assets = Liabilities + Owner's Equity, so Owner's Equity = Assets − Liabilities. The three wrong arrangements are all printed.

Hybrid basis is income on the cash basis with expenditure on the accrual basis. Cash, accrual and hybrid are asked by name.

Income tax of a sole trader is personal, so it is debited to his Capital Account and never to the Profit and Loss Account.

APPLYING one step of arithmetic, or one substitution

- Where a question gives a transaction and asks which account is debited, name the class of each account first — personal, real or nominal — and the rule follows without thought.

PYQ 2024-Dec · Q 1 · 2 marks · p 14 **PYQ** **Easy**

UNDERSTANDING a concept told apart from its neighbours

- "Which is not a characteristic of financial accounting" and "which is not an objective of accounting" are the standard negative forms here. Three options will be true statements; find the one that is not.
- Share capital sits on the liabilities side because of the **business entity** concept, not the going concern concept — the shareholders are creditors of the business for what they have put in.

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MQP 2024-Jun · Q 4 · no marks printed · p 5	MQP mock paper	Easy
MQP 2024-Jun · Q 10 · no marks printed · p 6	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 12 · no marks printed · p 6	MQP mock paper	Easy
MQP 2025-Jun S2 · Q 13 · no marks printed · p 6	MQP mock paper	Easy
PYQ 2016-Mar · Q 1 · 1 mark · p 8	PYQ	Medium
PYQ 2017-Dec · Q 1(i) · 1 mark · p 9	PYQ	Medium
PYQ 2017-Dec · Q 1(ii) · 1 mark · p 9	PYQ	Easy
PYQ 2018-Jun · Q 1(i) · 1 mark · p 9	PYQ	Easy
PYQ 2018-Dec · Q 1(iii) · 1 mark · p 10	PYQ	Medium
PYQ 2018-Dec · Q 1(iv) · 1 mark · p 10	PYQ	Easy
PYQ 2019-Dec · Q 1(i) · 1 mark · p 11	PYQ	Easy
PYQ 2019-Dec · Q 1(iii) · 1 mark · p 12	PYQ	Easy
PYQ 2024-Jun · Q 1 · 2 marks · p 13	PYQ	Easy
PYQ 2024-Dec · Q 3 · 2 marks · p 14	PYQ	Easy
PYQ 2025-Dec · Q 2 · 2 marks · p 15	PYQ	Easy

REMEMBERING one printed fact, recalled

- Learn the nine concepts in the table as a list of one-line tests, then read each question's four options against them. Two or three marks a sitting come from nothing else.
- Accounting is described as both a science and an art; where both are offered, the Scanner's key is **art**.

MQP 2024-Jun · Q 1 · no marks printed · p 5	MQP mock paper	Easy
MQP 2024-Jun · Q 2 · no marks printed · p 5	MQP mock paper	Easy

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MQP 2024-Jun · Q 3 · no marks printed · p 5	MQP mock paper	Easy
MQP 2024-Jun · Q 5 · no marks printed · p 5	MQP mock paper	Easy
MQP 2024-Jun · Q 6 · no marks printed · p 5	MQP mock paper	Easy
MQP 2024-Jun · Q 7 · no marks printed · p 6	MQP mock paper	Easy
MQP 2024-Jun · Q 8 · no marks printed · p 6	MQP mock paper	Easy
MQP 2024-Jun · Q 9 · no marks printed · p 6	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 11 · no marks printed · p 6	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 14 · no marks printed · p 7	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 15 · no marks printed · p 7	MQP mock paper	Easy
PYQ 2015-Sep · Q 1 · 1 mark · p 8	PYQ	Easy
PYQ 2016-Jun · Q 1 · 1 mark · p 8	PYQ	Easy
PYQ 2017-Jun · Q 1(i) · 1 mark · p 8	PYQ	Easy
PYQ 2018-Dec · Q 1(i) · 1 mark · p 10	PYQ	Easy
PYQ 2018-Dec · Q 1(ii) · 1 mark · p 10	PYQ	Easy
PYQ 2019-Jun · Q 1(i) · 1 mark · p 10	PYQ	Easy
PYQ 2019-Jun · Q 1(ii) · 1 mark · p 11	PYQ	Easy
PYQ 2019-Jun · Q 1(iii) · 1 mark · p 11	PYQ	Easy
PYQ 2019-Dec · Q 1(ii) · 1 mark · p 11	PYQ	Easy
PYQ 2022-Dec · Q 1 · 2 marks · p 12	PYQ	Easy
PYQ 2022-Dec · Q 2 · 2 marks · p 12	PYQ	Easy
PYQ 2022-Dec · Q 3 · 2 marks · p 12	PYQ	Easy

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PYQ 2022-Dec · Q 4 · 2 marks · p 12	PYQ	Easy
PYQ 2023-Jun · Q 1 · 2 marks · p 13	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 13	PYQ	Easy
PYQ 2023-Dec · Q 2 · 2 marks · p 13	PYQ	Easy
PYQ 2024-Jun · Q 2 · 2 marks · p 13	PYQ	Easy
PYQ 2025-Jun · Q 1 · 2 marks · p 14	PYQ	Easy
PYQ 2024-Dec · Q 2 · 2 marks · p 14	PYQ	Easy
PYQ 2025-Jun · Q 2 · 2 marks · p 14	PYQ	Easy
PYQ 2025-Dec · Q 1 · 2 marks · p 15	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 15	PYQ	Easy
PYQ 2025-Jun · Q 3 · 2 marks · p 15	PYQ	Easy

Accounting Principles, Concepts and Conventions

CMAL1P2-C1-B1.2 · IMPORTANCE B · SCANNER PAGE 17 · 70 QUESTIONS

Read first The CHEAT SHEET at the head of block 1.2 in your Scanner, pages 17 to 20. These notes do not repeat it.

NOTES

Note what this block actually asks. Its name is Accounting Principles, Concepts and Conventions, but most of the questions printed under it are on the journal, the ledger, the trial balance and the classification of errors. Prepare it for what is printed, not for what it is called.

Error of omission	the entry is left out entirely — the trial balance still agrees
Error of commission	right account class, wrong amount or wrong

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	person — may or may not affect agreement
Error of principle	capital treated as revenue, or the reverse — the trial balance still agrees
Compensating error	two errors cancel — the trial balance still agrees
One-sided error	casting, carry forward, posting to the wrong side — the trial balance **does not** agree

The rule that answers half the block. Only a one-sided error disturbs the trial balance. Omission, principle and compensating errors are all invisible to it, which is why a trial balance shows **arithmetical accuracy only** and not the accuracy of the accounts.

Rectification arithmetic. Where a figure is recorded wrongly, the correction is the **difference**, on the side that restores it. Goods worth ₹272 returned by Lala passed through the books as ₹722 needs Lala debited by ₹450; a credit purchase of ₹950 recorded as ₹590 needs Purchases debited by ₹360.

Wages that build an asset are capitalised. Wages of ₹550 paid to the firm's own workmen to add to machinery belong to Machinery A/c, not Wages A/c; the rectification transfers them.

Drawings, not Capital. Cash withdrawn by the owner and wrongly debited to Trade Expenses is corrected by debiting **Drawings** and crediting Trade Expenses.

Journal is the book of original entry; ledger the book of final entry. The order of the cycle is journal → ledger → trial balance → final accounts.

ANALYSING two or more steps, or two ideas weighed together

PYQ 2016-Dec · Q 1 · 6 marks · p 28	PYQ	Medium
PYQ 2017-Jun · Q 1 · 6 marks · p 29	PYQ	Hard
PYQ 2017-Dec · Q 3 · 6 marks · p 30	PYQ	Hard
PYQ 2018-Jun · Q 1 · 1 mark · p 31	PYQ	Hard
PYQ 2018-Dec · Q 1 · 6 marks · p 32	PYQ	Hard
PYQ 2019-Jun · Q 1 · 6 marks · p 33	PYQ	Hard

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PYQ 2019-Dec · Q 1 · 6 marks · p 34	PYQ	Hard

APPLYING one step of arithmetic, or one substitution

- For a rectification question, write the wrong entry and the right entry one above the other; the correcting entry is the difference between them.

MQP 2024-Dec S2 · Q 5 · no marks printed · p 20	MQP mock paper	Easy

UNDERSTANDING a concept told apart from its neighbours

- "Which of the following errors affects the agreement of a trial balance" — look for the one-sided error among four plausible mistakes.
- A trial balance that balances proves nothing about the correctness of the accounts. Three of the four options in that question overstate what it proves.

MQP 2024-Dec S1 · Q 2 · no marks printed · p 20	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 3 · no marks printed · p 20	MQP mock paper	Medium
MQP 2025-Jun S2 · Q 12 · no marks printed · p 22	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 15 · no marks printed · p 22	MQP mock paper	Medium
MQP 2025-Dec S1 · Q 18 · no marks printed · p 23	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 19 · no marks printed · p 23	MQP mock paper	Medium
PYQ 2015-Mar · Q 1 · 1 mark · p 24	PYQ	Easy
PYQ 2015-Mar · Q 3 · 1 mark · p 24	PYQ	Medium
PYQ 2015-Mar · Q 4 · 1 mark · p 24	PYQ	Easy
PYQ 2016-Mar · Q 1 · 1 mark · p 26	PYQ	Easy
PYQ 2015-Sep · Q 2 · 1 mark · p 26	PYQ	Easy
PYQ 2016-Mar · Q 2 · 1 mark · p 27	PYQ	Easy
PYQ 2016-Mar · Q 3 · 1 mark · p 27	PYQ	Medium

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PYQ 2016-Mar · Q 4 · 1 mark · p 27	PYQ	Medium
PYQ 2023-Dec · Q 1 · 2 marks · p 36	PYQ	Medium
PYQ 2024-Jun · Q 3 · 2 marks · p 36	PYQ	Easy
PYQ 2024-Dec · Q 1 · 2 marks · p 37	PYQ	Easy
PYQ 2025-Dec · Q 1 · 2 marks · p 37	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 38	PYQ	Easy

REMEMBERING one printed fact, recalled

- Learn the five error types and, for each, whether the trial balance agrees. That single column answers more questions in this block than anything else.
- The ledger is the book of **final** entry. "Book of original entry" and "book of primary entry" are the same thing and both name the journal.

MQP 2024-Jun · Q 1 · no marks printed · p 20	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 4 · no marks printed · p 20	MQP mock paper	Easy
MQP 2026-Dec S2 · Q 6 · no marks printed · p 20	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 7 · no marks printed · p 21	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 8 · no marks printed · p 21	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 9 · no marks printed · p 21	MQP mock paper	Easy
MQP 2025-Jun S2 · Q 10 · no marks printed · p 21	MQP mock paper	Easy
MQP 2025-Jun S2 · Q 11 · no marks printed · p 21	MQP mock paper	Easy
MQP 2025-Jun S2 · Q 13 · no marks printed · p 22	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 14 · no marks printed · p 22	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 16 · no marks printed · p 22	MQP	Easy

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	mock paper	
MQP 2025-Dec S1 · Q 17 · no marks printed · p 23	MQP mock paper	Easy
PYQ 2015-Mar · Q 2 · 1 mark · p 24	PYQ	Easy
PYQ 2015-Jun · Q 1 · 1 mark · p 25	PYQ	Easy
PYQ 2015-Jun · Q 2 · 1 mark · p 25	PYQ	Easy
PYQ 2015-Jun · Q 3 · 1 mark · p 25	PYQ	Easy
PYQ 2015-Jun · Q 4 · 1 mark · p 25	PYQ	Easy
PYQ 2015-Mar · Q 5 · 1 mark · p 25	PYQ	Easy
PYQ 2015-Sep · Q 1 · 1 mark · p 26	PYQ	Easy
PYQ 2015-Dec · Q 1 · 1 mark · p 26	PYQ	Easy
PYQ 2015-Dec · Q 2 · 1 mark · p 26	PYQ	Easy
PYQ 2016-Jun · Q 1 · 1 mark · p 27	PYQ	Easy
PYQ 2016-Mar · Q 5 · 1 mark · p 27	PYQ	Easy
PYQ 2016-Jun · Q 2 · 1 mark · p 28	PYQ	Easy
PYQ 2017-Jun · Q 1(i) · 1 mark · p 29	PYQ	Easy
PYQ 2017-Jun · Q 1(ii) · 1 mark · p 29	PYQ	Easy
PYQ 2017-Jun · Q 1(iii) · 1 mark · p 29	PYQ	Easy
PYQ 2017-Dec · Q 1(i) · 1 mark · p 30	PYQ	Easy
PYQ 2017-Dec · Q 1(ii) · 1 mark · p 30	PYQ	Easy
PYQ 2018-Jun · Q 1(i) · 1 mark · p 31	PYQ	Easy

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PYQ 2018-Dec · Q 1(i) · 1 mark · p 32	PYQ	Easy
PYQ 2018-Dec · Q 1(ii) · 1 mark · p 32	PYQ	Easy
PYQ 2019-Jun · Q 1(i) · 1 mark · p 33	PYQ	Easy
PYQ 2019-Dec · Q 1(i) · 1 mark · p 34	PYQ	Easy
PYQ 2022-Dec · Q 1 · 2 marks · p 35	PYQ	Easy
PYQ 2023-Jun · Q 1 · 2 marks · p 35	PYQ	Easy
PYQ 2022-Dec · Q 2 · 2 marks · p 35	PYQ	Easy
PYQ 2023-Jun · Q 2 · 2 marks · p 35	PYQ	Easy
PYQ 2024-Jun · Q 1 · 2 marks · p 36	PYQ	Easy
PYQ 2023-Dec · Q 2 · 2 marks · p 36	PYQ	Easy
PYQ 2024-Jun · Q 2 · 2 marks · p 36	PYQ	Easy
PYQ 2025-Jun · Q 1 · 2 marks · p 37	PYQ	Easy
PYQ 2025-Jun · Q 2 · 2 marks · p 37	PYQ	Easy

Capital and Revenue Transactions

CMAL1P2-C1-B1.3 · IMPORTANCE C · SCANNER PAGE 41 · 41 QUESTIONS

> **Read first** The CHEAT SHEET at the head of block 1.3 in your Scanner, pages 41 to 46. These notes do not repeat it.

NOTES

The test for capital expenditure is whether the spending brings a new asset into existence, increases the earning capacity of an existing one, or puts an asset into working condition. Everything else that keeps the business running is revenue.

Capital	erection wages, installation, freight on a fixed

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	asset, trial-run cost, demolition cost, architect's fees, travelling to buy an asset, repairs to a second-hand asset **before** use
Revenue	petrol, white-washing, repairs after use, legal charges defending the firm's title, commission on collections, salaries, research and development
Deferred revenue	heavy advertising for a new product, whose benefit runs over several years
Capital receipt	life membership fees, insurance claim for an asset destroyed
Revenue receipt	bad debts recovered, locker rent, sale of trading goods

Sale of a fixed asset is credited to the asset account, not to Sales. Sale of office furniture goes to Furniture A/c.

Capital expenditure is shown in the Balance Sheet; revenue expenditure in the Profit and Loss Account. Asked directly, twice a sitting in some years.

Depreciation is not capital expenditure, though it relates to a capital asset — it is the revenue charge for using one up. That is the trap in "which one is not considered capital expenditure".

ANALYSING two or more steps, or two ideas weighed together

- Where several amounts are listed and the capital total is asked for, tick each item as capital or revenue in the margin first, then add only the ticks.

PYQ 2015-Sep · Q 1 · 1 mark · p 45 **PYQ** **Hard**

UNDERSTANDING a concept told apart from its neighbours

- "Which is not a revenue expenditure" and "which is not considered capital expenditure" are the two negative forms used here; read the stem twice before choosing.
- A receipt and an expenditure are classified on the same principle but they are different questions. Insurance money for a burnt machine is a capital receipt, not a revenue one.

PYQ 2016-Jun · Q 1 · 1 mark · p 46 **PYQ** **Easy**

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PYQ 2018-Jun · Q 1(iv) · 1 mark · p 48	PYQ	Easy
PYQ 2018-Dec · Q 1(i) · 1 mark · p 49	PYQ	Easy
PYQ 2018-Dec · Q 1(iii) · 1 mark · p 49	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 51	PYQ	Easy

REMEMBERING one printed fact, recalled

- Learn the table above as five columns of examples. The examiner asks the same dozen items in rotation, and the classification is the whole answer.
- Repairs to a second-hand asset before it is put to use are capital; the same repairs after it is in use are revenue. The timing is the test.

PYQ 2015-Mar · Q 1 · 1 mark · p 45	PYQ	Easy
PYQ 2015-Jun · Q 1 · 1 mark · p 45	PYQ	Easy
PYQ 2015-Mar · Q 2 · 1 mark · p 45	PYQ	Easy
PYQ 2015-Dec · Q 1 · 1 mark · p 46	PYQ	Easy
PYQ 2015-Sep · Q 2 · 1 mark · p 46	PYQ	Easy
PYQ 2015-Dec · Q 2 · 1 mark · p 46	PYQ	Easy
PYQ 2016-Dec · Q 1(i) · 1 mark · p 47	PYQ	Easy
PYQ 2016-Dec · Q 1(ii) · 1 mark · p 47	PYQ	Easy
PYQ 2016-Dec · Q 1(iii) · 1 mark · p 47	PYQ	Easy
PYQ 2016-Dec · Q 1(iv) · 1 mark · p 47	PYQ	Easy
PYQ 2016-Dec · Q 1(v) · 1 mark · p 47	PYQ	Easy
PYQ 2016-Dec · Q 1(vi) · 1 mark · p 47	PYQ	Easy

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PYQ 2017-Jun · Q 1(i) · 1 mark · p 47	PYQ	Easy
PYQ 2016-Jun · Q 2 · 1 mark · p 47	PYQ	Easy
PYQ 2017-Jun · Q 1(ii) · 1 mark · p 48	PYQ	Easy
PYQ 2018-Jun · Q 1(i) · 1 mark · p 48	PYQ	Easy
PYQ 2018-Jun · Q 1(ii) · 1 mark · p 48	PYQ	Easy
PYQ 2018-Jun · Q 1(iii) · 1 mark · p 48	PYQ	Easy
PYQ 2018-Dec · Q 1(ii) · 1 mark · p 49	PYQ	Easy
PYQ 2018-Dec · Q 1(iv) · 1 mark · p 49	PYQ	Easy
PYQ 2019-Jun · Q 1(i) · 1 mark · p 49	PYQ	Easy
PYQ 2019-Jun · Q 1(ii) · 1 mark · p 50	PYQ	Easy
PYQ 2022-Dec · Q 1 · 2 marks · p 50	PYQ	Easy
PYQ 2022-Dec · Q 2 · 2 marks · p 50	PYQ	Easy
PYQ 2022-Dec · Q 3 · 2 marks · p 50	PYQ	Easy
PYQ 2023-Jun · Q 1 · 2 marks · p 51	PYQ	Easy
PYQ 2023-Dec · Q 2 · 2 marks · p 51	PYQ	Easy
PYQ 2022-Dec · Q 4 · 2 marks · p 51	PYQ	Easy
PYQ 2024-Dec · Q 1 · 2 marks · p 52	PYQ	Easy
PYQ 2025-Jun · Q 1 · 2 marks · p 52	PYQ	Easy
PYQ 2025-Dec · Q 1 · 2 marks · p 52	PYQ	Easy
PYQ 2025-Jun · Q 2 · 2 marks · p 52	PYQ	Easy

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PYQ 2026-Jun · Q 1 · 2 marks · p 53	PYQ	Easy
PYQ 2025-Dec · Q 2 · no marks printed · p 53	PYQ	Easy
PYQ 2025-Dec · Q 3 · 2 marks · p 53	PYQ	Easy

Accounting Cycle

CMAL1P2-C1-B1.4 · IMPORTANCE C · SCANNER PAGE 57 · 19 QUESTIONS

Read first The CHEAT SHEET at the head of block 1.4 in your Scanner, pages 57 to 62. These notes do not repeat it.

NOTES

The cycle in order: transaction → voucher → journal or subsidiary book → ledger → trial balance → adjustments → final accounts. It **ends** with the financial statements, which is asked as a question in its own right.

Purchases Book	credit purchases of **goods only** — not of assets
Sales Book	credit sales of goods; the source document is the invoice **sent out**
Purchase Returns Book	written up from **debit notes issued**
Sales Returns Book	written up from **credit notes issued**
Journal Proper	everything with no book of its own — credit purchase of a fixed asset, opening and closing entries, rectifications

Debit note out, credit note in. A buyer returning goods sends the seller a debit note; the seller acknowledges with a credit note. The question is asked from both ends.

Trade discount is never recorded. It is deducted on the invoice, so the Sales Book carries the net figure. Cash discount, by contrast, is recorded when it is taken.

Prepaid insurance is a representative personal account, not a nominal one and not a tangible asset — three of the four options are those.

UNDERSTANDING a concept told apart from its neighbours

- Trade discount is not recorded in any book; cash discount is. Two questions a sitting hang on that one distinction.

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PYQ 2016-Mar · Q 1 · 1 mark · p 61	PYQ	Easy
PYQ 2017-Jun · Q 1(iii) · 1 mark · p 62	PYQ	Easy
PYQ 2019-Dec · Q 1(i) · 1 mark · p 63	PYQ	Medium
PYQ 2023-Dec · Q 2 · 2 marks · p 64	PYQ	Easy
PYQ 2025-Dec · Q 2 · 2 marks · p 65	PYQ	Medium

REMEMBERING one printed fact, recalled

- Learn which book takes which document, and which book takes a credit purchase of a fixed asset — the answer is Journal Proper, and Purchase Book is always printed beside it.
- The accounting cycle ends with the financial statements. "Trial balance" is the printed distractor.

PYQ 2015-Mar · Q 1 · 1 mark · p 61	PYQ	Easy
PYQ 2015-Jun · Q 1 · 1 mark · p 61	PYQ	Easy
PYQ 2015-Sep · Q 1 · 1 mark · p 61	PYQ	Easy
PYQ 2017-Jun · Q 1(i) · 1 mark · p 62	PYQ	Easy
PYQ 2017-Jun · Q 1(ii) · 1 mark · p 62	PYQ	Easy
PYQ 2018-Dec · Q 1(i) · 1 mark · p 62	PYQ	Easy
PYQ 2018-Dec · Q 1(ii) · 1 mark · p 63	PYQ	Easy
PYQ 2019-Dec · Q 1(ii) · 1 mark · p 63	PYQ	Easy
PYQ 2022-Dec · Q 1 · 2 marks · p 63	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 64	PYQ	Easy
PYQ 2025-Jun · Q 1 · 2 marks · p 64	PYQ	Easy

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PYQ 2025-Dec · Q 1 · 2 marks · p 64	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 65	PYQ	Easy
PYQ 2025-Dec · Q 3 · 2 marks · p 65	PYQ	Easy

Journal and Ledger

CMAL1P2-C1-B1.5 · IMPORTANCE B · SCANNER PAGE 69 · 34 QUESTIONS

Read first The CHEAT SHEET at the head of block 1.5 in your Scanner, pages 69 to 72. These notes do not repeat it.

NOTES

An account is T-shaped — debit on the left, credit on the right. Asked literally: which English letter resembles an account.

Balancing. If the debit side exceeds the credit side the difference is written on the credit side to close the account, and the balance is called a **debit balance**. The wording of that question is longer than the idea.

Posting the periodical totals. The Sales Returns (Returns Inward) Book total goes to the **debit** of the Sales Returns Account; the Purchase Returns (Returns Outward) Book total goes to the **credit** of the Purchase Returns Account.

Cash sales are debited to Cash, not to the customer — the customer has no account in a cash sale. This is set with several different names in the stem and the answer is always Cash A/c.

Trade discount then cash discount. Goods of ₹25,000 at 10% trade discount enter Purchases at ₹22,500; the 5% cash discount is a separate entry and does **not** touch the Purchases figure.

Folio is the column that locates an account in the ledger; **narration** is the explanation written under each journal entry.

APPLYING one step of arithmetic, or one substitution

- For the discount questions, apply trade discount to reach the amount recorded, and stop. Cash discount changes what is paid, not what is purchased.

PYQ 2023-Jun · Q 1 · 2 marks · p 78	PYQ	Medium
PYQ 2024-Jun · Q 1 · 2 marks · p 79	PYQ	Medium

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UNDERSTANDING a concept told apart from its neighbours

PYQ 2022-Dec · Q 2 · 2 marks · p 77	PYQ	Easy
PYQ 2022-Dec · Q 8 · 2 marks · p 78	PYQ	Medium

REMEMBERING one printed fact, recalled

- The four posting rules for the returns books are asked at almost every sitting and are easy to invert. Write them out until the side is automatic.
- Customers' personal accounts live in the Sales Ledger; suppliers' in the Purchase Ledger.

PYQ 2015-Jun · Q 1 · 1 mark · p 73	PYQ	Easy
PYQ 2016-Mar · Q 1 · 1 mark · p 73	PYQ	Easy
PYQ 2015-Jun · Q 2 · 1 mark · p 73	PYQ	Easy
PYQ 2016-Jun · Q 1 · 1 mark · p 74	PYQ	Easy
PYQ 2017-Jun · Q 1(i) · 1 mark · p 74	PYQ	Easy
PYQ 2017-Jun · Q 1(ii) · 1 mark · p 74	PYQ	Easy
PYQ 2017-Dec · Q 1(i) · 1 mark · p 74	PYQ	Easy
PYQ 2018-Jun · Q 1(i) · 1 mark · p 75	PYQ	Easy
PYQ 2018-Jun · Q 1(ii) · 1 mark · p 75	PYQ	Easy
PYQ 2018-Dec · Q 1(i) · 1 mark · p 75	PYQ	Easy
PYQ 2018-Dec · Q 1(ii) · 1 mark · p 75	PYQ	Easy
PYQ 2019-Jun · Q 1(i) · 1 mark · p 76	PYQ	Easy
PYQ 2019-Jun · Q 1(ii) · 1 mark · p 76	PYQ	Easy
PYQ 2019-Dec · Q 1(i) · 1 mark · p 76	PYQ	Easy

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PYQ 2022-Dec · Q 1 · 2 marks · p 76	PYQ	Easy
PYQ 2022-Dec · Q 3 · 2 marks · p 77	PYQ	Easy
PYQ 2022-Dec · Q 4 · 2 marks · p 77	PYQ	Easy
PYQ 2022-Dec · Q 5 · 2 marks · p 77	PYQ	Easy
PYQ 2022-Dec · Q 6 · 2 marks · p 77	PYQ	Easy
PYQ 2022-Dec · Q 7 · 2 marks · p 77	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 78	PYQ	Easy
PYQ 2022-Dec · Q 9 · 2 marks · p 78	PYQ	Easy
PYQ 2024-Dec · Q 1 · 2 marks · p 79	PYQ	Easy
PYQ 2025-Jun · Q 1 · 2 marks · p 79	PYQ	Easy
PYQ 2024-Dec · Q 2 · 2 marks · p 79	PYQ	Easy
PYQ 2024-Dec · Q 3 · 2 marks · p 79	PYQ	Easy
PYQ 2025-Dec · Q 1 · 2 marks · p 80	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 80	PYQ	Easy
PYQ 2025-Dec · Q 2 · 2 marks · p 80	PYQ	Easy
PYQ 2026-Jun · Q 2 · 2 marks · p 80	PYQ	Easy

Cashbook and Bank Reconciliation Statement

CMAL1P2-C1-B1.6 · IMPORTANCE B · SCANNER PAGE 81 · 51 QUESTIONS

> **Read first** The CHEAT SHEET at the head of block 1.6 in your Scanner, pages 81 to 86. These notes do not repeat it.

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NOTES

The one line that unlocks the block. A debit balance in the Cash Book is a favourable balance; the **same** balance appears as a **credit** balance in the Pass Book. So a **debit balance as per Pass Book means an overdraft** — the single most repeated question in Paper 2.

Cheques issued but not presented	add to the Cash Book balance
Cheques deposited but not credited	deduct from the Cash Book balance
Bank charges, interest debited by bank	deduct
Direct deposits by customers, interest allowed	add
Starting from the Pass Book instead	every sign above reverses

Adjusted cash book first, reconciliation second. Items the firm did not know about — bank charges, standing-order payments, direct deposits, dishonoured cheques — are entered in the cash book. Only **timing** differences and errors are left for the statement.

Contra entry is a transaction between cash and bank — cash deposited into the bank, or drawn from it. It carries C in the folio column and is never posted to the ledger.

The cash book is both a journal and a ledger account, which is the printed answer to "cash book is a ...". The **discount column is memorandum only and is never balanced**.

Petty cash balance is an asset. It is neither an expense nor a liability, and all three are printed.

ANALYSING two or more steps, or two ideas weighed together

- Set the reconciliation out in a column with a heading naming the starting balance. The arithmetic is trivial; the bookkeeping of signs is not.
- Where the question gives an overdraft, treat it as a negative balance throughout and the same rules apply unchanged.

MQP 2025-Dec S2 · Q 6 · no marks printed · p 87	MQP mock paper	Hard
PYQ 2015-Mar · Q 1 · 1 mark · p 88	PYQ	Hard
PYQ 2015-Dec · Q 1 · 1 mark · p 89	PYQ	Hard
PYQ 2019-Jun · Q 1(i) · 1 mark · p 93	PYQ	Hard
PYQ 2022-Dec · Q 1 · 2 marks · p 94	PYQ	Hard

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PYQ 2024-Jun · Q 1 · 2 marks · p 95	PYQ	Hard
PYQ 2024-Dec · Q 1 · 2 marks · p 96	PYQ	Hard
PYQ 2024-Dec · Q 3 · 2 marks · p 96	PYQ	Medium
PYQ 2026-Jun · Q 3 · 2 marks · p 97	PYQ	Hard

APPLYING one step of arithmetic, or one substitution

MQP 2025-Jun S2 · Q 5 · no marks printed · p 86	MQP mock paper	Easy
PYQ 2019-Dec · Q 1(ii) · 1 mark · p 93	PYQ	Easy
PYQ 2024-Jun · Q 2 · 2 marks · p 95	PYQ	Medium
PYQ 2025-Jun · Q 1 · 2 marks · p 96	PYQ	Medium
PYQ 2024-Dec · Q 2 · 2 marks · p 96	PYQ	Easy

UNDERSTANDING a concept told apart from its neighbours

- Read which balance the question starts from before adding or subtracting anything. Starting from the Pass Book reverses every sign, and both answers are always among the options.
- "Which of these is not a cause of difference" is answered by finding the item that is recorded identically in both books.

MQP 2024-Dec S2 · Q 2 · no marks printed · p 86	MQP mock paper	Medium
MQP 2025-Dec S1 · Q 7 · no marks printed · p 87	MQP mock paper	Medium
PYQ 2015-Jun · Q 1 · 1 mark · p 88	PYQ	Medium
PYQ 2015-Sep · Q 1 · 1 mark · p 88	PYQ	Easy
PYQ 2015-Jun · Q 2 · 1 mark · p 88	PYQ	Medium
PYQ 2016-Mar · Q 1 · 1 mark · p 89	PYQ	Medium

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PYQ 2016-Jun · Q 2 · 1 mark · p 89	PYQ	Easy
PYQ 2017-Jun · Q 1(i) · 1 mark · p 90	PYQ	Medium
PYQ 2017-Dec · Q 1(ii) · 1 mark · p 91	PYQ	Easy
PYQ 2018-Jun · Q 1(i) · 1 mark · p 91	PYQ	Medium
PYQ 2018-Jun · Q 1(ii) · 1 mark · p 92	PYQ	Medium
PYQ 2018-Dec · Q 1(i) · 1 mark · p 92	PYQ	Easy
PYQ 2018-Dec · Q 1(ii) · 1 mark · p 92	PYQ	Easy
PYQ 2019-Dec · Q 1(i) · 1 mark · p 93	PYQ	Easy
PYQ 2023-Jun · Q 1 · 2 marks · p 94	PYQ	Medium
PYQ 2022-Dec · Q 2 · 2 marks · p 94	PYQ	Easy
PYQ 2022-Dec · Q 4 · 2 marks · p 94	PYQ	Easy
PYQ 2024-Jun · Q 3 · 2 marks · p 95	PYQ	Easy
PYQ 2025-Dec · Q 1 · 2 marks · p 97	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 97	PYQ	Medium
PYQ 2025-Jun · Q 2 · 2 marks · p 97	PYQ	Easy

REMEMBERING one printed fact, recalled

- Debit balance as per Pass Book = overdraft. Learn that sentence in those words; it is asked verbatim.

MQP 2024-Dec S1 · Q 1 · no marks printed · p 86	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 3 · no marks printed · p 86	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 4 · no marks printed · p 86	MQP mock paper	Easy

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PYQ 2016-Jun · Q 1 · 1 mark · p 89	PYQ	Easy
PYQ 2016-Dec · Q 1(i) · 1 mark · p 90	PYQ	Easy
PYQ 2017-Jun · Q 1(ii) · 1 mark · p 90	PYQ	Easy
PYQ 2016-Jun · Q 3 · 1 mark · p 90	PYQ	Easy
PYQ 2017-Dec · Q 1(i) · 1 mark · p 91	PYQ	Easy
PYQ 2017-Dec · Q 1(iii) · 1 mark · p 91	PYQ	Easy
PYQ 2018-Jun · Q 1(iii) · 1 mark · p 92	PYQ	Easy
PYQ 2018-Dec · Q 1(iii) · 1 mark · p 92	PYQ	Easy
PYQ 2019-Jun · Q 1(ii) · 1 mark · p 93	PYQ	Easy
PYQ 2019-Jun · Q 1(iii) · 1 mark · p 93	PYQ	Easy
PYQ 2022-Dec · Q 3 · 2 marks · p 94	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 95	PYQ	Easy
PYQ 2026-Jun · Q 2 · 2 marks · p 97	PYQ	Easy

Trial Balance

CMAL1P2-C1-B1.7 · IMPORTANCE C · SCANNER PAGE 101 · 15 QUESTIONS

Read first The CHEAT SHEET at the head of block 1.7 in your Scanner, pages 101 to 106. These notes do not repeat it.

NOTES

What a trial balance is and is not. It is a **statement**, not a part of the books of account, and it is not mandatory. It proves **arithmetical accuracy only**; it cannot detect omission, principle or compensating errors.

Closing stock in the trial balance. Where closing stock appears **in** the trial balance it has already been adjusted against purchases, so it goes to the **Balance Sheet only**. Where it appears outside it,

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it goes to both the Trading Account and the Balance Sheet.

A suspense account takes the difference when the totals do not agree, and is carried until the one-sided error is found.

Sales returns appear on the debit side of the trial balance and purchase returns on the credit side. "Goods returns in the credit column" therefore means **purchase returns**.

Not a financial statement: the funds flow statement is a management report, not one of the three financial statements.

UNDERSTANDING a concept told apart from its neighbours

- Most of this block is "which of the following is true / not true about the trial balance". Learn the four properties above as four sentences and read the options against them.
- Net profit = Gross profit + other incomes − indirect expenses. The three printed rearrangements are all wrong in one term.

PYQ 2016-Jun · Q 1 · 1 mark · p 103	PYQ	Easy
PYQ 2017-Dec · Q 1(i) · 1 mark · p 103	PYQ	Medium
PYQ 2017-Dec · Q 1(ii) · 1 mark · p 103	PYQ	Medium
PYQ 2019-Dec · Q 1(i) · 1 mark · p 104	PYQ	Easy
PYQ 2022-Dec · Q 1 · 2 marks · p 104	PYQ	Easy
PYQ 2022-Dec · Q 3 · 2 marks · p 105	PYQ	Easy
PYQ 2022-Dec · Q 4 · 2 marks · p 105	PYQ	Medium
PYQ 2024-Jun · Q 1 · 2 marks · p 106	PYQ	Easy
PYQ 2024-Dec · Q 1 · 2 marks · p 106	PYQ	Medium
PYQ 2025-Jun · Q 1 · 2 marks · p 106	PYQ	Medium

REMEMBERING one printed fact, recalled

- Closing stock inside the trial balance goes to the Balance Sheet alone. The option sending it to both is the trap.

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PYQ 2017-Jun · Q 1(i) · 1 mark · p 103	PYQ	Easy
PYQ 2018-Dec · Q 1(i) · 1 mark · p 104	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 105	PYQ	Easy
PYQ 2022-Dec · Q 2 · 2 marks · p 105	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 106	PYQ	Easy

Adjustment Entries and Rectification of Errors

CMAL1P2-C1-B1.8 · IMPORTANCE B · SCANNER PAGE 109 · 41 QUESTIONS

Read first The CHEAT SHEET at the head of block 1.8 in your Scanner, pages 109 to 114. These notes do not repeat it.

NOTES

Work the effect on profit, not the entry. Almost every question here asks what happens to profit, and the answer follows from two rules: an **overstated expense understates profit**, and an **overstated closing stock overstates profit**.

Depreciation over-charged by ₹500	profit understated by ₹500
Closing stock understated by ₹500	profit understated by ₹500
Both together	profit understated by ₹1,000
Opening stock overstated	profit understated
Purchase recorded above cost by ₹9,900	profit understated by ₹9,900

Goods bought passed through the Sales Day Book overstates both purchases omitted and sales recorded — the gross profit is overstated by the amount of the entry, and correcting it reduces gross profit.

A receipt from a debtor not recorded does not touch profit at all. Both the cash and the debtor are balance-sheet items, so the answer is "neither an increase nor a decrease".

Error of principle is the one where the **class** of account is wrong — a capital item posted to a revenue head. A wrong person or a wrong figure within the right class is an error of commission.

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> **Rectify as soon as the error is found,** not at the time of preparing final accounts.

APPLYING one step of arithmetic, or one substitution

- Write the two rules at the top of your rough sheet — expense up means profit down, closing stock up means profit up — and apply them mechanically. Most questions here are one line each.
- Where two errors are given together, work each separately and add the effects; the options include each single effect as a distractor.

PYQ 2015-Mar · Q 1 · 1 mark · p 112	PYQ	Medium
PYQ 2016-Mar · Q 1 · 1 mark · p 112	PYQ	Medium
PYQ 2019-Jun · Q 1(ii) · 1 mark · p 117	PYQ	Medium
PYQ 2025-Jun · Q 1 · 2 marks · p 121	PYQ	Medium

UNDERSTANDING a concept told apart from its neighbours

- Sort the error into its type before deciding whether the trial balance agrees. Principle and compensating errors never disturb it.
- "Which of the following is an error of principle" is answered by finding the option where a capital item has gone to a revenue account, or the reverse.

PYQ 2016-Mar · Q 2 · 1 mark · p 113	PYQ	Medium
PYQ 2016-Mar · Q 3 · 1 mark · p 113	PYQ	Medium
PYQ 2018-Jun · Q 1(i) · 1 mark · p 115	PYQ	Medium
PYQ 2018-Jun · Q 1(iii) · 1 mark · p 115	PYQ	Easy
PYQ 2018-Jun · Q 1(iv) · 1 mark · p 115	PYQ	Easy
PYQ 2018-Dec · Q 1(i) · 1 mark · p 116	PYQ	Easy
PYQ 2019-Dec · Q 1(iii) · 1 mark · p 117	PYQ	Easy
PYQ 2023-Jun · Q 1 · 2 marks · p 118	PYQ	Medium

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PYQ 2022-Dec · Q 2 · 2 marks · p 118	PYQ	Easy
PYQ 2023-Jun · Q 3 · 2 marks · p 119	PYQ	Easy
PYQ 2023-Jun · Q 5 · 2 marks · p 119	PYQ	Easy
PYQ 2026-Jun · Q 2 · 2 marks · p 122	PYQ	Medium

REMEMBERING one printed fact, recalled

PYQ 2015-Dec · Q 1 · 1 mark · p 112	PYQ	Easy
PYQ 2015-Mar · Q 2 · 1 mark · p 112	PYQ	Easy
PYQ 2016-Jun · Q 1 · 1 mark · p 113	PYQ	Easy
PYQ 2016-Dec · Q 1(i) · 1 mark · p 113	PYQ	Easy
PYQ 2017-Jun · Q 1(i) · 1 mark · p 114	PYQ	Easy
PYQ 2017-Jun · Q 1(ii) · 1 mark · p 114	PYQ	Easy
PYQ 2017-Dec · Q 1(i) · 1 mark · p 114	PYQ	Easy
PYQ 2017-Dec · Q 1(ii) · 1 mark · p 114	PYQ	Easy
PYQ 2018-Jun · Q 1(ii) · 1 mark · p 115	PYQ	Easy
PYQ 2018-Dec · Q 1(ii) · 1 mark · p 116	PYQ	Easy
PYQ 2018-Dec · Q 1(iii) · 1 mark · p 116	PYQ	Easy
PYQ 2019-Jun · Q 1(i) · 1 mark · p 116	PYQ	Easy
PYQ 2019-Dec · Q 1(i) · 1 mark · p 117	PYQ	Easy
PYQ 2019-Dec · Q 1(ii) · 1 mark · p 117	PYQ	Easy
PYQ 2019-Dec · Q 1(iv) · 1 mark · p 118	PYQ	Easy

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PYQ 2022-Dec · Q 1 · 2 marks · p 118	PYQ	Easy
PYQ 2023-Jun · Q 2 · 2 marks · p 118	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 119	PYQ	Easy
PYQ 2023-Jun · Q 4 · 2 marks · p 119	PYQ	Easy
PYQ 2024-Jun · Q 1 · 2 marks · p 120	PYQ	Easy
PYQ 2024-Dec · Q 1 · 2 marks · p 120	PYQ	Easy
PYQ 2024-Jun · Q 2 · 2 marks · p 120	PYQ	Easy
PYQ 2024-Jun · Q 3 · 2 marks · p 120	PYQ	Easy
PYQ 2025-Dec · Q 1 · 2 marks · p 121	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 121	PYQ	Easy

Depreciation

CMAL1P2-C1-B1.9 · IMPORTANCE B · SCANNER PAGE 125 · 54 QUESTIONS

Read first The CHEAT SHEET at the head of block 1.9 in your Scanner, pages 125 to 130. These notes do not repeat it.

NOTES

What is capitalised. Purchase price plus freight, cartage, installation and any cost of bringing the asset to working condition. **Insurance in transit is capitalised; annual insurance is not.**

Straight line	(Cost − Residual value) ÷ Useful life — a constant charge
Written down value	rate applied to the opening book value — a falling charge, and an **accelerated** method
Units of production	(Cost − Residual) × units this year ÷ total expected units — the charge fluctuates with

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	output
Sum of years' digits	also accelerated
Depletion	for wasting assets — mines and quarries

Depreciation is allocation, not valuation. It spreads the cost of an asset over its life; it does not measure what the asset is worth. Asked in exactly those words.

Total depreciation can never exceed the depreciable amount — cost less residual value. Scrap value, residual value and market value are all printed beside it.

Accumulated Depreciation is a contra asset account, not a liability and not an expense.

Where an asset is revalued, depreciation is charged on the **revalued** amount thereafter.

Internal and external causes. Wear and tear and misuse are internal; **obsolescence** and the passage of time are external. Obsolescence is a predictable decline in usefulness, not a sudden loss.

ANALYSING two or more steps, or two ideas weighed together

- Where the question gives a sale after some years and asks for the rate, work forward from cost under the method named until the book value equals the sale proceeds.
- Units-of-production questions give total expected output somewhere in the stem; find it before computing the rate per unit.

MQP 2024-Dec S1 · Q 4 · no marks printed · p 127	MQP mock paper	Hard
MQP 2024-Dec S2 · Q 6 · no marks printed · p 127	MQP mock paper	Hard
MQP 2025-Jun S2 · Q 9 · no marks printed · p 128	MQP mock paper	Hard
PYQ 2015-Mar · Q 1 · 1 mark · p 130	PYQ	Hard
PYQ 2016-Mar · Q 1 · 1 mark · p 131	PYQ	Hard
PYQ 2017-Jun · Q 1(i) · 1 mark · p 133	PYQ	Hard
PYQ 2018-Jun · Q 1(ii) · 1 mark · p 134	PYQ	Hard
PYQ 2019-Jun · Q 1(iii) · 1 mark · p 135	PYQ	Hard

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PYQ 2023-Jun · Q 1 · 2 marks · p 136	PYQ	Hard
PYQ 2023-Dec · Q 2 · 2 marks · p 137	PYQ	Hard
PYQ 2025-Dec · Q 2 · 2 marks · p 139	PYQ	Hard
PYQ 2026-Jun · Q 2 · 2 marks · p 139	PYQ	Hard

APPLYING one step of arithmetic, or one substitution

- Under WDV, compute year by year — the third year's charge needs the first two computed first, and the shortcut of multiplying by three is always among the options.
- For a loss by fire, the book value on the date of the fire is cost less accumulated depreciation; the loss is that figure less the insurance received.

MQP 2024-Jun · Q 1 · no marks printed · p 127	MQP mock paper	Medium
MQP 2024-Dec S1 · Q 2 · no marks printed · p 127	MQP mock paper	Medium
MQP 2025-Dec S1 · Q 11 · no marks printed · p 129	MQP mock paper	Medium
PYQ 2015-Jun · Q 1 · 1 mark · p 130	PYQ	Easy
PYQ 2015-Mar · Q 2 · 1 mark · p 130	PYQ	Medium
PYQ 2015-Dec · Q 1 · 1 mark · p 131	PYQ	Medium
PYQ 2023-Dec · Q 1 · 2 marks · p 136	PYQ	Medium

UNDERSTANDING a concept told apart from its neighbours

MQP 2025-Dec S1 · Q 13 · no marks printed · p 129	MQP mock paper	Easy
PYQ 2015-Jun · Q 2 · 1 mark · p 130	PYQ	Easy
PYQ 2016-Jun · Q 1 · 1 mark · p 132	PYQ	Easy
PYQ 2016-Jun · Q 2 · 1 mark · p 132	PYQ	Easy

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PYQ 2016-Mar · Q 3 · 1 mark · p 132	PYQ	Easy
PYQ 2016-Jun · Q 3 · 1 mark · p 132	PYQ	Easy
PYQ 2018-Jun · Q 1(i) · 1 mark · p 133	PYQ	Easy
PYQ 2018-Jun · Q 1(iii) · 1 mark · p 134	PYQ	Easy
PYQ 2022-Dec · Q 1 · 2 marks · p 136	PYQ	Easy
PYQ 2025-Dec · Q 1 · 2 marks · p 138	PYQ	Easy
PYQ 2025-Jun · Q 2 · 2 marks · p 138	PYQ	Medium

REMEMBERING one printed fact, recalled

- Learn which methods are accelerated — written down value and sum of years' digits — because "which of these is an accelerated method" is asked plainly.
- Depreciation is transferred to the Profit and Loss Account at the year end.

MQP 2024-Dec S1 · Q 3 · no marks printed · p 127	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 5 · no marks printed · p 127	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 7 · no marks printed · p 128	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 8 · no marks printed · p 128	MQP mock paper	Easy
MQP 2025-Jun S2 · Q 10 · no marks printed · p 128	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 12 · no marks printed · p 129	MQP mock paper	Easy
PYQ 2015-Jun · Q 3 · 1 mark · p 130	PYQ	Easy
PYQ 2015-Sep · Q 1 · 1 mark · p 131	PYQ	Easy
PYQ 2015-Jun · Q 4 · 1 mark · p 131	PYQ	Easy
PYQ 2016-Mar · Q 2 · 1 mark · p 132	PYQ	Easy

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PYQ 2017-Jun · Q 1(ii) · 1 mark · p 133	PYQ	Easy
PYQ 2017-Dec · Q 1(i) · 1 mark · p 133	PYQ	Easy
PYQ 2018-Dec · Q 1(i) · 1 mark · p 134	PYQ	Easy
PYQ 2019-Jun · Q 1(i) · 1 mark · p 134	PYQ	Easy
PYQ 2019-Jun · Q 1(ii) · 1 mark · p 135	PYQ	Easy
PYQ 2019-Dec · Q 1(i) · 1 mark · p 135	PYQ	Easy
PYQ 2022-Dec · Q 2 · 2 marks · p 136	PYQ	Easy
PYQ 2023-Jun · Q 2 · 2 marks · p 136	PYQ	Easy
PYQ 2024-Jun · Q 1 · 2 marks · p 137	PYQ	Easy
PYQ 2024-Dec · Q 1 · 2 marks · p 137	PYQ	Easy
PYQ 2024-Dec · Q 2 · 2 marks · p 137	PYQ	Easy
PYQ 2025-Jun · Q 1 · 2 marks · p 138	PYQ	Easy
PYQ 2024-Dec · Q 3 · 2 marks · p 138	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 139	PYQ	Easy

Accounting Treatment of Bad Debts and Provision for Doubtful Debts

CMAL1P2-C1-B1.10 · IMPORTANCE C · SCANNER PAGE 141 · 21 QUESTIONS

Read first The CHEAT SHEET at the head of block 1.10 in your Scanner, pages 141 to 146. These notes do not repeat it.

NOTES

The order of the deductions, and it is always the same. From Sundry Debtors deduct further bad debts; on the remainder create the provision for doubtful debts; on what is left after **that** create the provision for discount on debtors. Every numerical question in the block is that sequence.

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Worked shape. Debtors ₹13,20,000, doubtful debts at 5% and discount at 2%: provision for doubtful debts is 5% of ₹13,20,000 = ₹66,000, and the discount provision is 2% of (₹13,20,000 − ₹66,000) = ₹25,080. Applying 2% to the full debtors is the printed error.

What goes to the Profit and Loss Account. Bad debts written off, plus the new provision, less the old provision. A **decrease** in the provision is written back and therefore **increases** profit and decreases the expense.

Bad debts recovered is a revenue receipt and is **credited** to the Profit and Loss Account. It does not touch the debtors' balance, because that debt was written off long ago.

Where the proprietor keeps the recovery, it is his drawings — credit Bad Debts Recovered and debit Drawings.

Provision for discount is created only on good debtors — never on bad or doubtful ones, who will not pay at all, let alone early.

ANALYSING two or more steps, or two ideas weighed together

- Trial-balance questions give bad debts, an opening provision and a closing requirement. The charge to profit and loss is bad debts + closing provision − opening provision; write the three terms down before computing.
- Read whether the provision figure given is the opening one or the one to be created — the two give different answers and both are printed.

PYQ 2016-Dec · Q 1(ii) · 1 mark · p 145	PYQ	Hard
PYQ 2022-Dec · Q 1 · 2 marks · p 147	PYQ	Hard
PYQ 2023-Dec · Q 2 · 2 marks · p 148	PYQ	Hard

UNDERSTANDING a concept told apart from its neighbours

PYQ 2016-Mar · Q 1 · 1 mark · p 144	PYQ	Medium

REMEMBERING one printed fact, recalled

- A provision is an amount set apart to meet a known loss of uncertain amount — not a reserve and not an appropriation. The three words are printed together in one question.
- Bad debts recovered increases **net** profit, not gross profit.

PYQ 2015-Mar · Q 1 · 1 mark · p 144	PYQ	Easy

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PYQ 2015-Sep · Q 1 · 1 mark · p 144	PYQ	Easy
PYQ 2015-Mar · Q 2 · 1 mark · p 144	PYQ	Easy
PYQ 2016-Dec · Q 1(i) · 1 mark · p 145	PYQ	Easy
PYQ 2017-Dec · Q 1(i) · 1 mark · p 145	PYQ	Easy
PYQ 2017-Dec · Q 1(ii) · 1 mark · p 145	PYQ	Easy
PYQ 2018-Jun · Q 1(i) · 1 mark · p 146	PYQ	Easy
PYQ 2019-Jun · Q 1(i) · 1 mark · p 146	PYQ	Easy
PYQ 2019-Dec · Q 1(i) · 1 mark · p 146	PYQ	Easy
PYQ 2023-Jun · Q 1 · 2 marks · p 147	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 147	PYQ	Easy
PYQ 2023-Jun · Q 2 · 2 marks · p 147	PYQ	Easy
PYQ 2023-Jun · Q 3 · 2 marks · p 147	PYQ	Easy
PYQ 2024-Jun · Q 1 · 2 marks · p 148	PYQ	Easy
PYQ 2025-Jun · Q 1 · 2 marks · p 148	PYQ	Easy
PYQ 2024-Jun · Q 2 · 2 marks · p 148	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 149	PYQ	Easy

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CHAPTER 2

Accounting for Special Transactions

3 Blocks · 155 Classified Questions · 175 Marks · Importance: B

SKILL REQUIRED share of the chapter's 175 marks — this chapter reads **weighted towards recall and explanation**

Analysing	25%	44 of 175 marks · 34 questions
Applying	11%	20 of 175 marks · 24 questions
Understanding	11%	20 of 175 marks · 17 questions
Remembering	52%	91 of 175 marks · 80 questions

Half of this chapter is terminology — who sends what to whom, and what each account is called — and half is a short calculation on loading, on the share of profit, or on a due date. Learn the vocabulary first; the calculations are one line each once the words are secure.

Consignment

CMAL1P2-C2-B2.1 · IMPORTANCE B · SCANNER PAGE 153 · 61 QUESTIONS

Read first The CHEAT SHEET at the head of block 2.1 in your Scanner, pages 153 to 158. These notes do not repeat it.

NOTES

Consignment is not a sale. Ownership stays with the consignor until the consignee sells to a third party, which is why revenue is recognised only **when the consignee sells**, and why unsold goods appear in the **consignor's** balance sheet.

Proforma invoice	consignor → consignee, with the goods
Account sales	consignee → consignor, reporting sales, expenses and commission
Consignment Account	a **nominal** account — it computes the profit
Goods Sent on Consignment Account	a **real** account
Consignee's account	a **personal** account

Loading is the profit built into the invoice price. At cost + 25%, loading is 25/125 = 20% of the invoice price. At cost + 33⅓%, it is 33⅓/133⅓ = 25% of the invoice price. Reading the percentage against the wrong base is the commonest error in this block.

Which expenses enter the stock valuation. Unsold stock is valued at **cost plus the consignor's**

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expenses and the consignee's non-recurring expenses, in proportion to the goods unsold. Recurring expenses — godown rent, insurance of stock, selling expenses, salesmen's salaries — are **excluded**; freight, cartage, transit insurance, octroi, loading and unloading are non-recurring and **included**.

Three commissions. Ordinary commission on gross sales; **over-riding** commission on the excess over a stated price; **del credere** commission for taking the risk of bad debts. Del credere is calculated on **total sales unless the question says credit sales only** — read the stem.

Normal and abnormal loss. Normal loss (leakage, evaporation) is absorbed by the surviving units, so the cost per unit rises. Abnormal loss (fire, theft) is valued like closing stock and taken out of the Consignment Account, so that the profit is not distorted.

ANALYSING two or more steps, or two ideas weighed together

- Value unsold stock as (proportion unsold) × (cost + consignor's expenses + consignee's non-recurring expenses). List the expenses and strike out the recurring ones before you multiply.
- Where a fraction of the goods is lost in transit, apply the fraction to cost **and** to the consignor's expenses, never to the consignee's selling expenses.

MQP 2024-Dec S1 · Q 7 · no marks printed · p 157	MQP mock paper	Hard
MQP 2024-Dec S2 · Q 9 · no marks printed · p 157	MQP mock paper	Hard
MQP · Q 10 · no marks printed · p 157	MQP mock paper	Hard
MQP 2025-Jun S1 · Q 12 · no marks printed · p 158	MQP mock paper	Hard
PYQ 2016-Mar · Q 1 · 1 mark · p 160	PYQ	Hard
PYQ 2015-Sep · Q 2 · 1 mark · p 160	PYQ	Hard
PYQ 2016-Mar · Q 3 · 1 mark · p 161	PYQ	Hard
PYQ 2019-Jun · Q 1(i) · 1 mark · p 163	PYQ	Hard
PYQ 2019-Jun · Q 1(ii) · 1 mark · p 163	PYQ	Hard
PYQ 2019-Dec · Q 1(ii) · 1 mark · p 164	PYQ	Hard
PYQ 2023-Jun · Q 1 · 2 marks · p 165	PYQ	Hard

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PYQ 2023-Dec · Q 2 · 2 marks · p 165	PYQ	Hard
PYQ 2024-Dec · Q 2 · 2 marks · p 166	PYQ	Hard
PYQ 2025-Dec · Q 1 · 2 marks · p 167	PYQ	Hard
PYQ 2025-Jun · Q 3 · 2 marks · p 167	PYQ	Hard
PYQ 2026-Jun · Q 3 · 2 marks · p 168	PYQ	Hard
PYQ 2025-Dec · Q 4 · 2 marks · p 168	PYQ	Hard

APPLYING one step of arithmetic, or one substitution

- Convert the loading percentage to the right base before anything else. Write "cost + 25% means 20% of invoice" at the top of your rough sheet.
- For invoice value from cost, multiply; for cost from invoice value, divide. Both answers appear among the options.

MQP 2024-Jun · Q 2 · no marks printed · p 156	MQP mock paper	Medium
MQP · Q 13 · no marks printed · p 158	MQP mock paper	Medium
PYQ 2015-Dec · Q 1 · 1 mark · p 160	PYQ	Medium
PYQ 2015-Dec · Q 2 · 1 mark · p 160	PYQ	Easy
PYQ 2017-Jun · Q 1(ii) · 1 mark · p 162	PYQ	Medium

UNDERSTANDING a concept told apart from its neighbours

MQP 2024-Jun · Q 4 · no marks printed · p 156	MQP mock paper	Easy
MQP 2024-Jun · Q 5 · no marks printed · p 156	MQP mock paper	Easy
PYQ 2016-Mar · Q 2 · 1 mark · p 161	PYQ	Medium
PYQ 2019-Dec · Q 1(i) · 1 mark · p 164	PYQ	Easy

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PYQ 2022-Dec · Q 1 · 2 marks · p 164	PYQ	Easy
PYQ 2024-Jun · Q 2 · 2 marks · p 166	PYQ	Medium
PYQ 2023-Dec · Q 3 · 2 marks · p 166	PYQ	Medium
PYQ 2025-Dec · Q 3 · 2 marks · p 168	PYQ	Easy

REMEMBERING one printed fact, recalled

- Learn which document travels which way — proforma invoice out, account sales back — and the nature of each of the three accounts. Together they are three or four marks a sitting.
- Del credere commission covers bad debts; it does not cover normal loss or abnormal loss, and both are printed as options.

MQP 2024-Jun · Q 1 · no marks printed · p 156	MQP mock paper	Easy
MQP 2024-Jun · Q 3 · no marks printed · p 156	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 6 · no marks printed · p 156	MQP mock paper	Easy
MQP 2024-Dec · Q 8 · no marks printed · p 157	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 11 · no marks printed · p 157	MQP mock paper	Easy
MQP · Q 14 · no marks printed · p 158	MQP mock paper	Easy
PYQ 2015-Mar · Q 1 · 1 mark · p 159	PYQ	Easy
PYQ 2015-Sep · Q 1 · 1 mark · p 159	PYQ	Easy
PYQ 2015-Mar · Q 2 · 1 mark · p 159	PYQ	Easy
PYQ 2015-Mar · Q 3 · 1 mark · p 159	PYQ	Easy
PYQ 2015-Dec · Q 3 · 1 mark · p 160	PYQ	Easy
PYQ 2016-Jun · Q 1 · 1 mark · p 161	PYQ	Easy
PYQ 2017-Jun · Q 1(i) · 1 mark · p 161	PYQ	Easy

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PYQ 2016-Jun · Q 2 · 1 mark · p 161	PYQ	Easy
PYQ 2017-Dec · Q 1(i) · 1 mark · p 162	PYQ	Easy
PYQ 2017-Dec · Q 1(ii) · 1 mark · p 162	PYQ	Easy
PYQ 2017-Dec · Q 1(iii) · 1 mark · p 162	PYQ	Easy
PYQ 2018-Jun · Q 1(i) · 1 mark · p 162	PYQ	Easy
PYQ 2018-Jun · Q 1(ii) · 1 mark · p 163	PYQ	Easy
PYQ 2018-Dec · Q 1(i) · 1 mark · p 163	PYQ	Easy
PYQ 2022-Dec · Q 2 · 2 marks · p 164	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 165	PYQ	Easy
PYQ 2023-Jun · Q 2 · 2 marks · p 165	PYQ	Easy
PYQ 2023-Jun · Q 3 · 2 marks · p 165	PYQ	Easy
PYQ 2024-Jun · Q 1 · 2 marks · p 166	PYQ	Easy
PYQ 2024-Dec · Q 1 · 2 marks · p 166	PYQ	Easy
PYQ 2025-Jun · Q 1 · 2 marks · p 167	PYQ	Easy
PYQ 2025-Jun · Q 2 · 2 marks · p 167	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 168	PYQ	Easy
PYQ 2025-Dec · Q 2 · 2 marks · p 168	PYQ	Easy
PYQ 2026-Jun · Q 2 · 2 marks · p 168	PYQ	Easy

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Joint Venture

CMAL1P2-C2-B2.2 · IMPORTANCE B · SCANNER PAGE 169 · 41 QUESTIONS

Read first The CHEAT SHEET at the head of block 2.2 in your Scanner, pages 169 to 174. These notes do not repeat it.

NOTES

Two methods, and the question always tells you which. Where a **separate set of books** is kept, three accounts run: Joint Venture A/c, Joint Bank A/c and each Co-venturer's A/c. Where **each co-venturer keeps his own records**, a **Memorandum Joint Venture Account** is prepared instead — and it is a memorandum, outside the double entry, so it belongs to no account class.

Joint Venture A/c	nominal — it computes the profit
Joint Bank A/c	real
Joint Venture with Co-venturer A/c	personal
Memorandum Joint Venture A/c	a memorandum only, not part of the double entry
Accounts NOT opened	Stock Reserve A/c, Profit and Loss A/c

Initial contributions go to the Joint Bank Account, debited, with each Co-venturer's account credited.

Goods taken over by a co-venturer are credited to the Joint Venture Account at the value agreed, not at cost. Unsold goods costing ₹20,000 taken over at ₹15,000 credit the Joint Venture Account with **₹15,000** — the difference is the venture's loss, not an adjustment.

An uninsured loss is a venture loss. Goods costing ₹10,000 destroyed with no claim are credited to nothing; the cost simply stays in the Joint Venture Account and reduces the profit.

Discount received from a supplier reduces the cost and is credited to the Joint Venture Account.

Loss on the venture is debited to each co-venturer's capital account in the profit-sharing ratio; it never touches a Profit and Loss Account of the venture, because the venture has none.

ANALYSING two or more steps, or two ideas weighed together

- Build the Joint Venture Account as a T: debit the cost of goods and expenses, credit the sales and anything taken over. The balance is the profit; then split it in the stated ratio.
- Where a co-venturer both supplies and sells, do not net his transactions — post each side separately or the ratio split goes wrong.

- "Balance goods taken over by A at an agreed value" is a credit at that agreed value, whatever the original cost.

MQP 2024-Dec S2 · Q 2 · no marks printed · p 172	MQP mock paper	Hard
MQP 2025-Dec S1 · Q 9 · no marks printed · p 173	MQP mock paper	Hard
PYQ 2015-Mar · Q 1 · 1 mark · p 174	PYQ	Hard
PYQ 2015-Sep · Q 1 · 1 mark · p 174	PYQ	Hard
PYQ 2018-Jun · Q 1(ii) · 1 mark · p 176	PYQ	Hard
PYQ 2019-Jun · Q 1(i) · 1 mark · p 177	PYQ	Hard
PYQ 2019-Dec · Q 1(i) · 1 mark · p 177	PYQ	Hard
PYQ 2023-Jun · Q 1 · 2 marks · p 178	PYQ	Hard
PYQ 2024-Jun · Q 2 · 2 marks · p 180	PYQ	Hard
PYQ 2025-Jun · Q 1 · 2 marks · p 181	PYQ	Hard
PYQ 2026-Jun · Q 2 · 2 marks · p 182	PYQ	Hard

APPLYING one step of arithmetic, or one substitution

- Read the profit-sharing ratio out of the stem before computing; 2 : 1 and equal shares are both common and the wrong split is always an option.

MQP 2025-Jun S2 · Q 5 · no marks printed · p 172	MQP mock paper	Medium
PYQ 2025-Dec · Q 1 · 2 marks · p 181	PYQ	Medium

UNDERSTANDING a concept told apart from its neighbours

MQP 2025-Dec S1 · Q 7 · no marks printed · p 173	MQP mock paper	Easy
PYQ 2016-Mar · Q 1 · 1 mark · p 175	PYQ	Easy

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PYQ 2017-Dec · Q 1(i) · 1 mark · p 176	PYQ	Medium
PYQ 2019-Jun · Q 1(ii) · 1 mark · p 177	PYQ	Easy
PYQ 2022-Dec · Q 1 · 2 marks · p 178	PYQ	Easy

REMEMBERING one printed fact, recalled

- Learn which accounts exist under each method. "Which of these is not opened in a joint venture" is asked at almost every sitting and the answer is usually Stock Reserve or Profit and Loss.
- The Memorandum Joint Venture Account is prepared when each co-venturer keeps his own books — the opposite of the option printed beside it.

MQP 2024-Dec S1 · Q 1 · no marks printed · p 172	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 3 · no marks printed · p 172	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 4 · no marks printed · p 172	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 6 · no marks printed · p 173	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 8 · no marks printed · p 173	MQP mock paper	Easy
PYQ 2015-Jun · Q 1 · 1 mark · p 174	PYQ	Easy
PYQ 2015-Jun · Q 2 · 1 mark · p 174	PYQ	Easy
PYQ 2015-Dec · Q 1 · 1 mark · p 175	PYQ	Easy
PYQ 2017-Jun · Q 1(i) · 1 mark · p 175	PYQ	Easy
PYQ 2017-Dec · Q 1(ii) · 1 mark · p 176	PYQ	Easy
PYQ 2018-Jun · Q 1(i) · 1 mark · p 176	PYQ	Easy
PYQ 2018-Dec · Q 1(i) · 1 mark · p 177	PYQ	Easy
PYQ 2019-Dec · Q 1(ii) · 1 mark · p 178	PYQ	Easy
PYQ 2019-Dec · Q 1(iii) · 1 mark · p 178	PYQ	Easy

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PYQ 2023-Dec · Q 1 · 2 marks · p 179	PYQ	Easy
PYQ 2024-Jun · Q 1 · 2 marks · p 179	PYQ	Easy
PYQ 2023-Jun · Q 2 · 2 marks · p 179	PYQ	Easy
PYQ 2024-Dec · Q 1 · 2 marks · p 180	PYQ	Easy
PYQ 2024-Dec · Q 2 · 2 marks · p 180	PYQ	Easy
PYQ 2024-Jun · Q 3 · 2 marks · p 180	PYQ	Easy
PYQ 2025-Jun · Q 2 · 2 marks · p 181	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 182	PYQ	Easy
PYQ 2025-Dec · Q 2 · 2 marks · p 182	PYQ	Easy

Bills of Exchange

CMAL1P2-C2-B2.3 · IMPORTANCE B · SCANNER PAGE 185 · 53 QUESTIONS

Read first The CHEAT SHEET at the head of block 2.3 in your Scanner, pages 185 to 190. These notes do not repeat it.

NOTES

Counting the due date, and it is counted the same way every time. Take the date of the bill, add the term, then add **three days of grace**. A bill dated 15 March payable three months after date matures on 18 June. A bill drawn for **days** counts days, not months: 3 July for 40 days matures on 12 August plus three days of grace, 15 August.

If the maturity date is a public holiday the bill falls due on the preceding day; if it is an emergency holiday, on the following day. The two are printed as alternatives in the same question.

Drawer	who draws the bill and is entitled to payment
Drawee / acceptor	who accepts and must pay
Endorsee	to whom the bill is passed on — the last endorsee is the **payee**

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Noting	the notary public's record of dishonour; the charge is **noting charges**
Retirement	payment **before** the due date, usually against a rebate
Renewal	a new bill replacing the old, usually with interest

Discounting. The bank's discount is on the **face value** for the **unexpired** period. A ₹25,000 six-month bill discounted after 1.5 months is discounted for 4.5 months — the question tells you how long it was held, not how long is left.

Liability on a discounted bill is a contingent liability of the drawer until the bill matures. Asked plainly, with current and non-current liability printed beside it.

Where a bill is endorsed, Bills Receivable A/c is credited in the endorser's books.

Accommodation bills are drawn to raise finance where there is no sale of goods, and the proceeds are shared as agreed. A **trade** bill finances an actual sale.

A currency note is not a negotiable instrument under the Act, though it circulates like one — that is the trap in "which of these is not a negotiable instrument".

ANALYSING two or more steps, or two ideas weighed together

PYQ 2015-Mar · Q 2 · 1 mark · p 193	PYQ	Hard
PYQ 2024-Jun · Q 1 · 2 marks · p 199	PYQ	Hard
PYQ 2025-Jun · Q 1 · 2 marks · p 200	PYQ	Hard
PYQ 2025-Jun · Q 3 · 2 marks · p 200	PYQ	Hard
PYQ 2025-Dec · Q 2 · 2 marks · p 201	PYQ	Hard
PYQ 2026-Jun · Q 2 · 2 marks · p 201	PYQ	Hard

APPLYING one step of arithmetic, or one substitution

- Write the date, add the term, then add 3. Do the addition on paper — nearly every wrong answer here is one or two days out, and the options are set one day apart.
- For discounting, work out the unexpired period first and write it down before touching the rate.

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- In an endorsement chain, the payee is whoever holds the bill last. Follow the chain from the stem rather than assuming the first endorsee.

MQP 2024-Dec S1 · Q 2 · no marks printed · p 190	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 3 · no marks printed · p 190	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 4 · no marks printed · p 190	MQP mock paper	Easy
MQP 2025-Jun S2 · Q 9 · no marks printed · p 191	MQP mock paper	Medium
MQP 2025-Dec S1 · Q 11 · no marks printed · p 191	MQP mock paper	Easy
PYQ 2015-Mar · Q 4 · 1 mark · p 193	PYQ	Medium
PYQ 2015-Sep · Q 1 · 1 mark · p 194	PYQ	Medium
PYQ 2015-Dec · Q 1 · 1 mark · p 194	PYQ	Medium
PYQ 2016-Mar · Q 1 · 1 mark · p 194	PYQ	Medium
PYQ 2017-Dec · Q 1(ii) · 1 mark · p 196	PYQ	Medium
PYQ 2018-Jun · Q 1(i) · 1 mark · p 196	PYQ	Easy
PYQ 2018-Dec · Q 1(ii) · 1 mark · p 196	PYQ	Medium
PYQ 2019-Jun · Q 1(iii) · 1 mark · p 197	PYQ	Medium
PYQ 2019-Dec · Q 1(i) · 1 mark · p 197	PYQ	Medium
PYQ 2023-Jun · Q 1 · 2 marks · p 198	PYQ	Medium
PYQ 2024-Dec · Q 1 · 2 marks · p 199	PYQ	Medium
PYQ 2025-Jun · Q 2 · 2 marks · p 200	PYQ	Medium

UNDERSTANDING a concept told apart from its neighbours

- "Under which situation is no journal entry passed in the books of the drawer" is answered by finding the event that concerns only the drawee.

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PYQ 2016-Mar · Q 2 · 1 mark · p 195	PYQ	Medium
PYQ 2017-Dec · Q 1(i) · 1 mark · p 196	PYQ	Easy
PYQ 2019-Jun · Q 1(iv) · 1 mark · p 197	PYQ	Medium
PYQ 2026-Jun · Q 1 · 2 marks · p 201	PYQ	Easy

REMEMBERING one printed fact, recalled

- Retirement is early payment; renewal is a fresh bill; noting is the record of dishonour. Three words, three different events, and they are printed together.
- The liability on a discounted bill is contingent.

MQP 2024-Dec S1 · Q 1 · no marks printed · p 190	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 5 · no marks printed · p 190	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 6 · no marks printed · p 190	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 7 · no marks printed · p 191	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 8 · no marks printed · p 191	MQP mock paper	Easy
MQP · Q 10 · no marks printed · p 191	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 12 · no marks printed · p 192	MQP mock paper	Easy
PYQ 2015-Mar · Q 1 · 1 mark · p 193	PYQ	Easy
PYQ 2015-Jun · Q 1 · 1 mark · p 193	PYQ	Easy
PYQ 2015-Mar · Q 3 · 1 mark · p 193	PYQ	Easy
PYQ 2015-Dec · Q 2 · 1 mark · p 194	PYQ	Easy
PYQ 2016-Jun · Q 1 · 1 mark · p 195	PYQ	Easy
PYQ 2017-Jun · Q 1(i) · 1 mark · p 195	PYQ	Easy

PYQ 2017-Jun · Q 1(ii) · 1 mark · p 195	PYQ	Easy
PYQ 2018-Dec · Q 1(i) · 1 mark · p 196	PYQ	Easy
PYQ 2019-Jun · Q 1(i) · 1 mark · p 197	PYQ	Easy
PYQ 2019-Jun · Q 1(ii) · 1 mark · p 197	PYQ	Easy
PYQ 2022-Dec · Q 1 · 2 marks · p 198	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 198	PYQ	Easy
PYQ 2023-Jun · Q 2 · 2 marks · p 198	PYQ	Easy
PYQ 2023-Dec · Q 2 · 2 marks · p 198	PYQ	Easy
PYQ 2024-Jun · Q 2 · 2 marks · p 199	PYQ	Easy
PYQ 2023-Dec · Q 3 · 2 marks · p 199	PYQ	Easy
PYQ 2024-Dec · Q 2 · 2 marks · p 200	PYQ	Easy
PYQ 2024-Dec · Q 3 · 2 marks · p 200	PYQ	Easy
PYQ 2025-Dec · Q 1 · 2 marks · p 201	PYQ	Easy

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CHAPTER 3

Preparation of Final Accounts

2 Blocks · 222 Classified Questions · 207 Marks · Importance: A

SKILL REQUIRED share of the chapter's 207 marks — this chapter reads **weighted towards recall and explanation**

Analysing	27%	56 of 207 marks · 45 questions
Applying	5%	11 of 207 marks · 21 questions
Understanding	23%	48 of 207 marks · 38 questions
Remembering	44%	92 of 207 marks · 118 questions

The examiner rarely asks for a whole statement here — he asks where one item goes, or what one adjustment does to the profit. Prepare it as a series of single decisions about single items, and the block becomes a list of rules rather than a set of long problems.

Preparation of Financial Statements of Sole Proprietorship

CMAL1P2-C3-B3.1 · IMPORTANCE A · SCANNER PAGE 205 · 149 QUESTIONS

Read first The CHEAT SHEET at the head of block 3.1 in your Scanner, pages 205 to 208. These notes do not repeat it.

NOTES

Trading Account	opening stock, purchases less returns, direct expenses, closing stock — gives **gross profit**
Profit and Loss Account	gross profit, other incomes, indirect expenses — gives **net profit**
Profit and Loss Appropriation A/c	divides the profit already earned; it does not compute it
Balance Sheet	the position on one date — a **statement**, not an account

Gross profit = Sales − Cost of goods sold, and cost of goods sold = opening stock + purchases + direct expenses − closing stock. Every rearrangement of those two lines is printed as an option somewhere in the block.

Where an item appears decides where it goes. An item in the **trial balance** is posted once; an item in the **adjustments** is posted twice. Closing stock in the trial balance goes to the Balance Sheet alone; outside it, to the Trading Account and the Balance Sheet.

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Depreciation in the trial balance is already charged, so it is debited to the Profit and Loss Account only and not deducted again from the asset.

Manager's commission. On profit **before** charging the commission, it is rate × profit. On profit **after** charging it, it is profit × rate ÷ (100 + rate). Both answers are printed; the stem names which.

Margin and mark-up are not the same. A 20% margin on selling price is a 25% mark-up on cost. The conversion is mark-up = margin ÷ (1 − margin).

Fixed assets are held for use, not for resale — that single sentence answers the definition question, with "meant for resale" printed beside it.

Preliminary expenses are deferred revenue expenditure written off over several years, not a revenue expense of the first year.

ANALYSING two or more steps, or two ideas weighed together

- Where several trial-balance figures are given and one Balance Sheet figure is asked for, write the working as a short vertical sum; the deduction order for debtors is bad debts, then provision for doubtful debts, then provision for discount.

MQP 2024-Jun · Q 19 · no marks printed · p 211	MQP mock paper	Hard
MQP 2024-Dec S1 · Q 27 · no marks printed · p 213	MQP mock paper	Hard
MQP 2025-Jun S2 · Q 55 · no marks printed · p 218	MQP mock paper	Hard
MQP 2025-Jun S2 · Q 57 · no marks printed · p 218	MQP mock paper	Hard
MQP 2025-Dec S1 · Q 63 · no marks printed · p 219	MQP mock paper	Hard
MQP 2025-Dec S1 · Q 74 · no marks printed · p 221	MQP mock paper	Hard
MQP 2025-Dec S1 · Q 75 · no marks printed · p 222	MQP mock paper	Hard
PYQ 2016-Mar · Q 1 · 1 mark · p 224	PYQ	Hard
PYQ 2016-Mar · Q 4 · 1 mark · p 224	PYQ	Hard
PYQ 2019-Dec · Q 1(i) · 1 mark · p 228	PYQ	Hard
PYQ 2023-Dec · Q 1 · 2 marks · p 230	PYQ	Hard
PYQ 2023-Jun · Q 4 · 2 marks · p 230	PYQ	Hard

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PYQ 2023-Dec · Q 4 · 2 marks · p 230	PYQ	Hard
PYQ 2024-Jun · Q 4 · 2 marks · p 232	PYQ	Hard
PYQ 2024-Jun · Q 5 · 2 marks · p 232	PYQ	Hard
PYQ 2024-Jun · Q 7 · 2 marks · p 232	PYQ	Hard
PYQ 2024-Dec · Q 2 · 2 marks · p 233	PYQ	Hard
PYQ 2024-Dec · Q 4 · 2 marks · p 233	PYQ	Hard
PYQ 2024-Dec · Q 5 · 2 marks · p 233	PYQ	Hard
PYQ 2025-Jun · Q 4 · 2 marks · p 234	PYQ	Hard
PYQ 2025-Dec · Q 1 · 2 marks · p 235	PYQ	Hard
PYQ 2025-Dec · Q 6 · 2 marks · p 236	PYQ	Hard
PYQ 2026-Jun · Q 8 · 2 marks · p 238	PYQ	Hard
PYQ 2026-Jun · Q 9 · 2 marks · p 238	PYQ	Hard

APPLYING one step of arithmetic, or one substitution

- For the commission questions, read whether the commission is before or after itself, then apply the matching formula. Guessing costs the mark because both figures are printed.
- Where the question gives cost of sales and asks for sales at a stated margin, convert the margin to a mark-up first.

MQP 2024-Jun · Q 7 · no marks printed · p 209	MQP mock paper	Medium
MQP 2024-Jun · Q 9 · no marks printed · p 209	MQP mock paper	Medium
MQP 2024-Jun · Q 12 · no marks printed · p 210	MQP mock paper	Easy
MQP 2024-Jun · Q 20 · no marks printed · p 211	MQP mock paper	Medium

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MQP 2024-Dec S2 · Q 31 · no marks printed · p 213	MQP mock paper	Medium
MQP 2024-Dec S2 · Q 41 · no marks printed · p 215	MQP mock paper	Medium
MQP 2025-Jun S1 · Q 47 · no marks printed · p 216	MQP mock paper	Medium
MQP 2025-Jun S1 · Q 48 · no marks printed · p 216	MQP mock paper	Medium
MQP 2025-Jun S2 · Q 60 · no marks printed · p 218	MQP mock paper	Easy
MQP 2024-Jun · Q 69 · no marks printed · p 220	MQP mock paper	Medium
MQP 2024-Dec S2 · Q 70 · no marks printed · p 221	MQP mock paper	Medium
MQP 2025-Jun S1 · Q 72 · no marks printed · p 221	MQP mock paper	Medium
MQP 2025-Jun S1 · Q 73 · no marks printed · p 221	MQP mock paper	Medium
PYQ 2015-Mar · Q 1 · 1 mark · p 223	PYQ	Medium
PYQ 2015-Mar · Q 3 · 1 mark · p 223	PYQ	Medium
PYQ 2023-Dec · Q 5 · 2 marks · p 231	PYQ	Medium
PYQ 2026-Jun · Q 6 · 2 marks · p 237	PYQ	Medium

UNDERSTANDING a concept told apart from its neighbours

- "Which transaction is of a capital nature" recurs here as it does in block 1.3 — the same classification, applied inside the final accounts.
- "Which of the following is not a financial statement" is answered by the funds flow statement.

MQP 2024-Jun · Q 4 · no marks printed · p 208	MQP mock paper	Easy
MQP 2024-Jun · Q 17 · no marks printed · p 211	MQP mock paper	Easy
MQP 2024-Jun · Q 18 · no marks printed · p 211	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 30 · no marks printed · p 213	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 49 · no marks printed · p 216	MQP mock paper	Easy

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MQP 2025-Jun S2 · Q 56 · no marks printed · p 218	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 62 · no marks printed · p 219	MQP mock paper	Medium
PYQ 2015-Sep · Q 1 · 1 mark · p 223	PYQ	Medium
PYQ 2016-Jun · Q 2 · 1 mark · p 225	PYQ	Easy
PYQ 2016-Jun · Q 7 · 1 mark · p 226	PYQ	Easy
PYQ 2016-Jun · Q 8 · 1 mark · p 226	PYQ	Easy
PYQ 2018-Dec · Q 1(iii) · 1 mark · p 228	PYQ	Easy
PYQ 2018-Dec · Q 1(iv) · 1 mark · p 228	PYQ	Easy
PYQ 2019-Dec · Q 1(iii) · 1 mark · p 229	PYQ	Easy
PYQ 2023-Jun · Q 2 · 2 marks · p 229	PYQ	Easy
PYQ 2023-Jun · Q 3 · 2 marks · p 229	PYQ	Medium
PYQ 2023-Dec · Q 3 · 2 marks · p 230	PYQ	Easy
PYQ 2024-Jun · Q 1 · 2 marks · p 231	PYQ	Medium
PYQ 2024-Jun · Q 3 · 2 marks · p 232	PYQ	Medium
PYQ 2024-Dec · Q 1 · 2 marks · p 233	PYQ	Easy
PYQ 2025-Jun · Q 2 · 2 marks · p 234	PYQ	Medium
PYQ 2025-Jun · Q 7 · 2 marks · p 235	PYQ	Easy
PYQ 2025-Dec · Q 7 · 2 marks · p 236	PYQ	Medium
PYQ 2026-Jun · Q 2 · 2 marks · p 237	PYQ	Easy
PYQ 2026-Jun · Q 4 · 2 marks · p 237	PYQ	Easy

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REMEMBERING one printed fact, recalled

- Learn the four statements in the table and what each produces. The Profit and Loss Appropriation Account divides profit and never computes it; that distinction is asked directly.
- The Profit and Loss Account shows the financial **results for a period**; the Balance Sheet shows the **position on a date**.

MQP 2024-Jun · Q 1 · no marks printed · p 208	MQP mock paper	Easy
MQP 2024-Jun · Q 2 · no marks printed · p 208	MQP mock paper	Easy
MQP 2024-Jun · Q 3 · no marks printed · p 208	MQP mock paper	Easy
MQP 2024-Jun · Q 5 · no marks printed · p 208	MQP mock paper	Easy
MQP 2024-Jun · Q 6 · no marks printed · p 209	MQP mock paper	Easy
MQP 2024-Jun · Q 8 · no marks printed · p 209	MQP mock paper	Easy
MQP 2024-Jun · Q 10 · no marks printed · p 209	MQP mock paper	Easy
MQP 2024-Jun · Q 11 · no marks printed · p 209	MQP mock paper	Easy
MQP 2024-Jun · Q 13 · no marks printed · p 210	MQP mock paper	Easy
MQP 2024-Jun · Q 14 · no marks printed · p 210	MQP mock paper	Easy
MQP 2024-Jun · Q 15 · no marks printed · p 210	MQP mock paper	Easy
MQP · Q 16 · no marks printed · p 210	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 21 · no marks printed · p 211	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 22 · no marks printed · p 211	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 23 · no marks printed · p 212	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 24 · no marks printed · p 212	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 25 · no marks printed · p 212	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 26 · no marks printed · p 212	MQP mock paper	Easy

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MQP 2024-Dec S1 · Q 28 · no marks printed · p 213	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 29 · no marks printed · p 213	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 32 · no marks printed · p 214	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 33 · no marks printed · p 214	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 34 · no marks printed · p 214	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 35 · no marks printed · p 214	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 36 · no marks printed · p 214	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 37 · no marks printed · p 214	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 38 · no marks printed · p 215	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 40 · no marks printed · p 215	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 42 · no marks printed · p 215	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 43 · no marks printed · p 215	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 44 · no marks printed · p 215	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 45 · no marks printed · p 216	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 46 · no marks printed · p 216	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 50 · no marks printed · p 217	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 51 · no marks printed · p 217	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 52 · no marks printed · p 217	MQP mock paper	Easy
MQP 2025-Jun S2 · Q 53 · no marks printed · p 217	MQP mock paper	Easy
MQP 2025-Jun S2 · Q 54 · no marks printed · p 217	MQP mock paper	Easy
MQP 2025-Jun S2 · Q 58 · no marks printed · p 218	MQP mock paper	Easy
MQP 2025-Jun S2 · Q 59 · no marks printed · p 218	MQP	Easy

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	mock paper	
MQP 2025-Dec S1 · Q 61 · no marks printed · p 219	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 64 · no marks printed · p 219	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 65 · no marks printed · p 220	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 66 · no marks printed · p 220	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 67 · no marks printed · p 220	MQP mock paper	Easy
MQP 2024-Jun · Q 68 · no marks printed · p 220	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 71 · no marks printed · p 221	MQP mock paper	Easy
PYQ 2015-Mar · Q 2 · 1 mark · p 223	PYQ	Easy
PYQ 2016-Mar · Q 2 · 1 mark · p 224	PYQ	Easy
PYQ 2016-Mar · Q 3 · 1 mark · p 224	PYQ	Easy
PYQ 2016-Mar · Q 5 · 1 mark · p 224	PYQ	Easy
PYQ 2016-Jun · Q 1 · 1 mark · p 225	PYQ	Easy
PYQ 2016-Jun · Q 3 · 1 mark · p 225	PYQ	Easy
PYQ 2016-Jun · Q 4 · 1 mark · p 225	PYQ	Easy
PYQ 2016-Jun · Q 5 · 1 mark · p 225	PYQ	Easy
PYQ 2016-Jun · Q 6 · 1 mark · p 225	PYQ	Easy
PYQ 2016-Dec · Q 1(i) · 1 mark · p 226	PYQ	Easy
PYQ 2017-Jun · Q 1(i) · 1 mark · p 226	PYQ	Easy
PYQ 2016-Jun · Q 9 · 1 mark · p 226	PYQ	Easy
PYQ 2017-Dec · Q 1(i) · 1 mark · p 227	PYQ	Easy

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PYQ 2018-Jun · Q 1(i) · 1 mark · p 227	PYQ	Easy
PYQ 2018-Dec · Q 1(i) · 1 mark · p 227	PYQ	Easy
PYQ 2018-Dec · Q 1(ii) · 1 mark · p 228	PYQ	Easy
PYQ 2019-Dec · Q 1(ii) · 1 mark · p 228	PYQ	Easy
PYQ 2023-Jun · Q 1 · 2 marks · p 229	PYQ	Easy
PYQ 2023-Dec · Q 2 · 2 marks · p 230	PYQ	Easy
PYQ 2024-Jun · Q 2 · 2 marks · p 231	PYQ	Easy
PYQ 2023-Dec · Q 6 · 2 marks · p 231	PYQ	Easy
PYQ 2024-Jun · Q 6 · 2 marks · p 232	PYQ	Easy
PYQ 2024-Dec · Q 3 · 2 marks · p 233	PYQ	Easy
PYQ 2025-Jun · Q 1 · 2 marks · p 234	PYQ	Easy
PYQ 2025-Jun · Q 3 · 2 marks · p 234	PYQ	Easy
PYQ 2025-Dec · Q 2 · 2 marks · p 235	PYQ	Easy
PYQ 2025-Jun · Q 5 · 2 marks · p 235	PYQ	Easy
PYQ 2025-Jun · Q 6 · 2 marks · p 235	PYQ	Easy
PYQ 2025-Dec · Q 3 · 2 marks · p 236	PYQ	Easy
PYQ 2025-Dec · Q 4 · 2 marks · p 236	PYQ	Easy
PYQ 2025-Dec · Q 5 · 2 marks · p 236	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 237	PYQ	Easy
PYQ 2026-Jun · Q 3 · 2 marks · p 237	PYQ	Easy

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PYQ 2026-Jun · Q 5 · 2 marks · p 237	PYQ	Easy
PYQ 2026-Jun · Q 7 · 2 marks · p 238	PYQ	Easy
PYQ 2026-Jun · Q 10 · 2 marks · p 238	PYQ	Easy

Preparation of Financial Statements of a Not-For-Profit Organisation

CMAL1P2-C3-B3.2 · IMPORTANCE B · SCANNER PAGE 241 · 73 QUESTIONS

Read first The CHEAT SHEET at the head of block 3.2 in your Scanner, pages 241 to 246. These notes do not repeat it.

NOTES

Receipts and Payments A/c	a summary of the **cash book** — all receipts and payments, capital and revenue, of any year
Income and Expenditure A/c	the not-for-profit equivalent of the Profit and Loss Account — **revenue items of the current year only**
Balance Sheet	assets and liabilities, with **Capital Fund** in place of capital
Credit balance of Income and Expenditure A/c	**surplus**, not profit

A not-for-profit organisation prepares no Trading and no Profit and Loss Account. Asked plainly, and the Profit and Loss Account is the printed answer.

Capital receipts	life membership fees, legacies, endowment fund, donations for a specific purpose, sale of a fixed asset
Revenue receipts	annual subscriptions, entrance fees (unless capitalised), locker rent, interest on general investments, sale of old newspapers

Subscriptions are the whole of the arithmetic in this block. Income for the year = cash received − arrears received for last year − advance received for next year + arrears still outstanding this year + advance received last year for this year. Set it out as one column and every subscription question falls out of it.

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A specific fund is self-contained. Expenditure on a special fund is deducted from that fund, not from the Income and Expenditure Account, and income earned on investments held against that fund is **added to the fund**, not treated as general income.

Legacies and endowments are capitalised — added to the Capital Fund — unless the donor has directed otherwise.

ANALYSING two or more steps, or two ideas weighed together

- Write the subscription adjustment as a five-line column before computing. Half the wrong answers here come from adding an arrear that should have been subtracted.
- Read whether the figure asked for is the **cash received** or the **income for the year** — the two run in opposite directions through the same adjustments, and both are printed.

MQP 2024-Dec S2 · Q 6 · no marks printed · p 244	MQP mock paper	Hard
MQP 2024-Dec S2 · Q 10 · no marks printed · p 245	MQP mock paper	Hard
MQP 2025-Jun S2 · Q 14 · no marks printed · p 246	MQP mock paper	Hard
MQP 2025-Dec S1 · Q 16 · no marks printed · p 247	MQP mock paper	Hard
MQP 2025-Dec S1 · Q 20 · no marks printed · p 247	MQP mock paper	Hard
MQP 2025-Dec S1 · Q 21 · no marks printed · p 248	MQP mock paper	Hard
PYQ 2015-Dec · Q 1 · 1 mark · p 249	PYQ	Hard
PYQ 2017-Jun · Q 1(ii) · 1 mark · p 250	PYQ	Hard
PYQ 2017-Dec · Q 1(i) · 1 mark · p 251	PYQ	Hard
PYQ 2019-Jun · Q 1(iii) · 1 mark · p 252	PYQ	Hard
PYQ 2019-Dec · Q 1(ii) · 1 mark · p 252	PYQ	Hard
PYQ 2023-Jun · Q 2 · 2 marks · p 253	PYQ	Hard
PYQ 2023-Jun · Q 5 · 2 marks · p 254	PYQ	Hard
PYQ 2023-Dec · Q 2 · 2 marks · p 255	PYQ	Hard

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PYQ 2023-Dec · Q 3 · 2 marks · p 255	PYQ	Hard
PYQ 2024-Jun · Q 1 · 2 marks · p 256	PYQ	Hard
PYQ 2024-Jun · Q 4 · 2 marks · p 256	PYQ	Hard
PYQ 2024-Dec · Q 3 · 2 marks · p 257	PYQ	Hard
PYQ 2024-Dec · Q 5 · 2 marks · p 257	PYQ	Hard
PYQ 2025-Dec · Q 3 · 2 marks · p 259	PYQ	Hard
PYQ 2026-Jun · Q 3 · 2 marks · p 260	PYQ	Hard

APPLYING one step of arithmetic, or one substitution

MQP 2025-Jun S1 · Q 13 · no marks printed · p 246	MQP mock paper	Medium
PYQ 2015-Mar · Q 1 · 1 mark · p 249	PYQ	Medium
PYQ 2025-Jun · Q 3 · 2 marks · p 258	PYQ	Medium
PYQ 2026-Jun · Q 1 · 2 marks · p 260	PYQ	Medium

UNDERSTANDING a concept told apart from its neighbours

- The Receipts and Payments Account carries capital items and items of other years; the Income and Expenditure Account carries neither. That difference is the basis of most of the "which statement is true" questions here.

MQP 2024-Dec S2 · Q 7 · no marks printed · p 245	MQP mock paper	Medium
MQP 2024-Dec S2 · Q 8 · no marks printed · p 245	MQP mock paper	Medium
PYQ 2015-Dec · Q 3 · 1 mark · p 250	PYQ	Easy
PYQ 2017-Dec · Q 1(ii) · 1 mark · p 251	PYQ	Easy

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PYQ 2019-Jun · Q 1(i) · 1 mark · p 251	PYQ	Easy
PYQ 2022-Dec · Q 1 · 2 marks · p 253	PYQ	Easy
PYQ 2023-Jun · Q 1 · 2 marks · p 253	PYQ	Easy
PYQ 2023-Jun · Q 4 · 2 marks · p 254	PYQ	Medium
PYQ 2023-Dec · Q 5 · 2 marks · p 256	PYQ	Easy
PYQ 2024-Dec · Q 2 · 2 marks · p 257	PYQ	Easy
PYQ 2025-Jun · Q 2 · 2 marks · p 258	PYQ	Medium
PYQ 2025-Dec · Q 4 · 2 marks · p 259	PYQ	Easy
PYQ 2025-Dec · Q 5 · 2 marks · p 260	PYQ	Easy

REMEMBERING one printed fact, recalled

- Learn the capital-versus-revenue list above. Life membership fee, entrance fee, legacy, endowment and specific donation are asked in rotation and the classification is the whole answer.
- The capital of a not-for-profit organisation is the Capital Fund or Accumulated Fund. "Equity" is the printed distractor.

MQP 2024-Jun · Q 1 · no marks printed · p 244	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 2 · no marks printed · p 244	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 3 · no marks printed · p 244	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 4 · no marks printed · p 244	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 5 · no marks printed · p 244	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 9 · no marks printed · p 245	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 11 · no marks printed · p 246	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 12 · no marks printed · p 246	MQP mock paper	Easy

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MQP 2025-Jun S2 · Q 15 · no marks printed · p 246	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 17 · no marks printed · p 247	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 18 · no marks printed · p 247	MQP mock paper	Easy
MQP · Q 19 · no marks printed · p 247	MQP mock paper	Easy
PYQ 2015-Jun · Q 1 · 1 mark · p 249	PYQ	Easy
PYQ 2015-Jun · Q 2 · 1 mark · p 249	PYQ	Easy
PYQ 2016-Mar · Q 1 · 1 mark · p 250	PYQ	Easy
PYQ 2017-Jun · Q 1(i) · 1 mark · p 250	PYQ	Easy
PYQ 2015-Dec · Q 2 · 1 mark · p 250	PYQ	Easy
PYQ 2019-Jun · Q 1(ii) · 1 mark · p 251	PYQ	Easy
PYQ 2019-Dec · Q 1(i) · 1 mark · p 252	PYQ	Easy
PYQ 2019-Dec · Q 1(iii) · 1 mark · p 252	PYQ	Easy
PYQ 2019-Dec · Q 1(iv) · 1 mark · p 253	PYQ	Easy
PYQ 2023-Jun · Q 3 · 2 marks · p 254	PYQ	Easy
PYQ 2023-Jun · Q 6 · 2 marks · p 254	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 255	PYQ	Easy
PYQ 2023-Dec · Q 4 · 2 marks · p 255	PYQ	Easy
PYQ 2024-Jun · Q 2 · 2 marks · p 256	PYQ	Easy
PYQ 2024-Jun · Q 3 · 2 marks · p 256	PYQ	Easy
PYQ 2024-Dec · Q 1 · 2 marks · p 257	PYQ	Easy

PYQ 2024-Dec · Q 4 · 2 marks · p 257	PYQ	Easy
PYQ 2025-Jun · Q 1 · 2 marks · p 258	PYQ	Easy
PYQ 2024-Dec · Q 6 · 2 marks · p 258	PYQ	Easy
PYQ 2025-Dec · Q 1 · 2 marks · p 259	PYQ	Easy
PYQ 2025-Dec · Q 2 · 2 marks · p 259	PYQ	Easy
PYQ 2025-Jun · Q 4 · 2 marks · p 259	PYQ	Easy
PYQ 2026-Jun · Q 2 · 2 marks · p 260	PYQ	Easy

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CHAPTER 4

Fundamentals of Cost Accounting

5 Blocks · 282 Classified Questions · 350 Marks · Importance: A

SKILL REQUIRED share of the chapter's 350 marks — this chapter reads **weighted towards recall and explanation**

Analysing	11%	39 of 350 marks · 23 questions
Applying	1%	4 of 350 marks · 5 questions
Understanding	24%	84 of 350 marks · 64 questions
Remembering	64%	223 of 350 marks · 190 questions

Almost everything here is a definition or a classification, and the four options are always four cost terms that sound alike. The chapter is won by learning the boundaries — relevant against sunk, prime against conversion, method against technique — not by computation.

Meaning, Definition, Significance of Cost Accounting, its Relationship with Financial Accounting

CMAL1P2-C4-B4.1 · IMPORTANCE C · SCANNER PAGE 261 · 53 QUESTIONS

Read first The CHEAT SHEET at the head of block 4.1 in your Scanner, pages 261 to 266. These notes do not repeat it.

NOTES

What cost accounting is for. To provide information for planning, control and decision-making — not to maximise profit and not merely to value inventory. All three are printed and the Scanner's key is the information one.

Prime cost	direct material + direct labour + direct expenses
Factory (works) cost	prime cost + factory overhead
Conversion cost	direct labour + factory overhead — what turns material into product
Direct material	in prime cost only
Direct labour	in **both** prime cost and conversion cost
Direct expenses	also called **chargeable expenses**

Direct labour is the one element common to prime cost and conversion cost. Asked directly, and

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the reason it is asked is that three of the four options are elements that belong to only one of the two.

Sunk cost	already incurred — **irrelevant** to any decision
Relevant cost	future, and different between alternatives
Opportunity cost	the benefit of the best alternative forgone — the classic **relevant** cost
Notional (imputed) cost	no cash outlay — interest on own capital, rent of own premises
Explicit cost	actually paid — wages, rent, material
Implicit cost	the owner's own capital or time

Classification depends on the basis. By **element** — material, labour, expenses. By **function** — production, administration, selling, distribution. By **behaviour** — fixed, variable, semi-variable. By **controllability** — controllable and non-controllable. The question always names the basis.

Where the overheads go. Directors' remuneration is administration overhead; advertisement is selling overhead; the delivery van driver's wages are distribution overhead; the supervisor's salary is production overhead. Indirect material is factory overhead, not prime cost.

Cost control against cost reduction. Control works **to** the standard; reduction **challenges** the standard, is permanent, and does not compromise quality.

ANALYSING two or more steps, or two ideas weighed together

MQP 2025-Jun S2 · Q 27 · no marks printed · p 267	MQP mock paper	Hard

APPLYING one step of arithmetic, or one substitution

- Where prime cost and a percentage are given, write the two components as an equation before substituting: direct labour at 70% of prime cost leaves 30% for material.

MQP · Q 22 · no marks printed · p 266	MQP mock paper	Easy
PYQ 2025-Dec · Q 2 · 2 marks · p 273	PYQ	Easy

UNDERSTANDING a concept told apart from its neighbours

- "Which is not a relevant cost" is answered by the sunk cost, every time.

- A cost that is non-controllable for a department manager is one decided above him — an apportioned head-office charge, not his own overtime.

MQP 2024-Jun · Q 3 · no marks printed · p 263	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 16 · no marks printed · p 265	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 18 · no marks printed · p 266	MQP mock paper	Easy
MQP 2025-Jun S2 · Q 26 · no marks printed · p 267	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 28 · no marks printed · p 267	MQP mock paper	Medium
MQP 2025-Dec S1 · Q 30 · no marks printed · p 268	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 33 · no marks printed · p 268	MQP mock paper	Easy
PYQ 2015-Sep · Q 1 · 1 mark · p 269	PYQ	Easy
PYQ 2015-Dec · Q 1 · 1 mark · p 269	PYQ	Easy
PYQ 2018-Dec · Q 1(iii) · 1 mark · p 270	PYQ	Easy
PYQ 2019-Dec · Q 1(i) · 1 mark · p 271	PYQ	Easy
PYQ 2022-Dec · Q 1 · 2 marks · p 271	PYQ	Easy
PYQ 2023-Jun · Q 1 · 2 marks · p 271	PYQ	Medium
PYQ 2023-Dec · Q 1 · 2 marks · p 272	PYQ	Easy
PYQ 2026-Jun · Q 2 · 2 marks · p 273	PYQ	Easy

REMEMBERING one printed fact, recalled

- Learn the two tables above cold. Between them they answer three-quarters of this block and much of 4.2 and 4.4 as well.
- Interest on own capital is a notional cost. Cash cost, sunk cost and part of prime cost are all printed beside it.

MQP 2024-Jun · Q 1 · no marks printed · p 263	MQP	Easy

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	mock paper	
MQP 2024-Jun · Q 2 · no marks printed · p 263	MQP mock paper	Easy
MQP 2024-Jun · Q 4 · no marks printed · p 263	MQP mock paper	Easy
MQP 2024-Jun · Q 5 · no marks printed · p 263	MQP mock paper	Easy
MQP 2024-Jun · Q 6 · no marks printed · p 263	MQP mock paper	Easy
MQP 2024-Jun · Q 7 · no marks printed · p 264	MQP mock paper	Easy
MQP 2024-Jun · Q 8 · no marks printed · p 264	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 9 · no marks printed · p 264	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 10 · no marks printed · p 264	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 11 · no marks printed · p 264	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 12 · no marks printed · p 265	MQP mock paper	Easy
MQP · Q 13 · no marks printed · p 265	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 14 · no marks printed · p 265	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 15 · no marks printed · p 265	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 17 · no marks printed · p 265	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 19 · no marks printed · p 266	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 20 · no marks printed · p 266	MQP mock paper	Easy
MQP · Q 21 · no marks printed · p 266	MQP mock paper	Easy
MQP · Q 23 · no marks printed · p 266	MQP mock paper	Easy
MQP · Q 24 · no marks printed · p 267	MQP mock paper	Easy
MQP · Q 25 · no marks printed · p 267	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 29 · no marks printed · p 268	MQP mock paper	Easy

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MQP 2025-Dec S1 · Q 31 · no marks printed · p 268	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 32 · no marks printed · p 268	MQP mock paper	Easy
PYQ 2015-Jun · Q 1 · 1 mark · p 269	PYQ	Easy
PYQ 2017-Dec · Q 1(i) · 1 mark · p 270	PYQ	Easy
PYQ 2018-Dec · Q 1(i) · 1 mark · p 270	PYQ	Easy
PYQ 2018-Dec · Q 1(ii) · 1 mark · p 270	PYQ	Easy
PYQ 2024-Jun · Q 1 · 2 marks · p 272	PYQ	Easy
PYQ 2025-Jun · Q 1 · 2 marks · p 272	PYQ	Easy
PYQ 2025-Dec · Q 1 · 2 marks · p 272	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 273	PYQ	Easy
PYQ 2025-Dec · Q 3 · 2 marks · p 273	PYQ	Easy
PYQ 2026-Jun · Q 3 · 2 marks · p 273	PYQ	Easy
PYQ 2026-Jun · Q 4 · 2 marks · p 273	PYQ	Easy

Application of Cost Accounting for Business Decisions

CMAL1P2-C4-B4.2 · IMPORTANCE C · SCANNER PAGE 277 · 24 QUESTIONS

Read first The CHEAT SHEET at the head of block 4.2 in your Scanner, pages 277 to 282. These notes do not repeat it.

NOTES

Method against technique — the distinction the whole block rests on. A **method** follows the shape of production: job, batch, contract, process, operating, single or output, multiple. A **technique** is a way of using cost data whatever the method: marginal, standard, absorption, uniform, budgetary control, ABC.

Job costing	printing press, interior decoration, ship-building

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	— one identifiable job
Batch costing	toys, readymade garments, pharmaceuticals, spare parts — identical units in batches
Contract costing	construction, civil engineering
Process costing	sugar, soft drinks, chemicals, refineries — continuous flow
Operating (service) costing	hospitals, transport, hotels, power houses

Uniform costing is the adoption of identical costing principles and procedures by several undertakings, so that their costs can be compared. It is a technique, not a method.

Marginal costing is the technique that separates fixed from variable and deals only with variable cost in decisions. Standard costing is the control technique; budgetary control the planning one.

Historical costing ascertains cost after it has been incurred; standard costing sets it in advance.

The cost sheet is the planning tool named in this block — a statement showing the break-up of cost, prepared before or after the event.

UNDERSTANDING a concept told apart from its neighbours

- "Which of these is a costing technique" and "which of these is not a method of costing" are two forms of the same question. Direct costing and marginal costing are techniques; process and batch are methods.
- Read whether the stem asks for the method or for the technique — several questions print two of each among the four options.

PYQ 2017-Dec · Q 1(i) · 1 mark · p 281	PYQ	Easy
PYQ 2017-Dec · Q 1(ii) · 1 mark · p 281	PYQ	Easy
PYQ 2023-Jun · Q 1 · 2 marks · p 283	PYQ	Easy
PYQ 2024-Dec · Q 3 · 2 marks · p 284	PYQ	Easy
PYQ 2025-Dec · Q 1 · 2 marks · p 285	PYQ	Medium

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REMEMBERING one printed fact, recalled

- Learn the industry-to-method list above. It is asked at every sitting, in both directions — the method for an industry, and the industry for a method.
- Sunk cost is irrelevant in decision-making; opportunity cost is the standard example of a relevant one.

PYQ 2015-Mar · Q 1 · 1 mark · p 280	PYQ	Easy
PYQ 2015-Jun · Q 1 · 1 mark · p 280	PYQ	Easy
PYQ 2015-Sep · Q 1 · 1 mark · p 280	PYQ	Easy
PYQ 2015-Dec · Q 1 · 1 mark · p 280	PYQ	Easy
PYQ 2016-Mar · Q 1 · 1 mark · p 281	PYQ	Easy
PYQ 2016-Jun · Q 1 · 1 mark · p 281	PYQ	Easy
PYQ 2018-Jun · Q 1(i) · 1 mark · p 282	PYQ	Easy
PYQ 2019-Jun · Q 1(i) · 1 mark · p 282	PYQ	Easy
PYQ 2019-Dec · Q 1(i) · 1 mark · p 282	PYQ	Easy
PYQ 2019-Dec · Q 1(ii) · 1 mark · p 282	PYQ	Easy
PYQ 2022-Dec · Q 1 · 2 marks · p 283	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 283	PYQ	Easy
PYQ 2023-Dec · Q 2 · 2 marks · p 283	PYQ	Easy
PYQ 2024-Jun · Q 1 · 2 marks · p 284	PYQ	Easy
PYQ 2024-Dec · Q 1 · 2 marks · p 284	PYQ	Easy
PYQ 2024-Jun · Q 2 · 2 marks · p 284	PYQ	Easy
PYQ 2024-Dec · Q 2 · 2 marks · p 284	PYQ	Easy

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PYQ 2024-Jun · Q 3 · 2 marks · p 284	PYQ	Easy
PYQ 2024-Dec · Q 4 · 2 marks · p 285	PYQ	Easy

Definition of Cost, Cost Centre, Cost Unit and Cost Drivers

CMAL1P2-C4-B4.3 · IMPORTANCE C · SCANNER PAGE 289 · 21 QUESTIONS

Read first The CHEAT SHEET at the head of block 4.3 in your Scanner, pages 289 to 294. These notes do not repeat it.

NOTES

Cost unit	the **unit of product or service** against which cost is measured
Cost centre	a **location, person or item of equipment** for which cost is ascertained
Profit centre	a segment generating both revenue and cost
Cost driver	what **causes** the cost — set-up hours, number of orders, machine hours
Composite cost unit	two measures combined — tonne-km, passenger-km, patient-day, room-day

The distinction the examiner keeps returning to. A cost unit is a unit of **output**; a cost centre is a unit of **organisation**. Credit division is a cost centre and not a cost unit; kilowatt-hour, patient-day and tonne-km are cost units.

Cement, sugar, timber	metric tonne
Power house	kilowatt-hour
Hospital	patient-day or bed-night
Transport	tonne-km or passenger-km
Audit firm, BPO or call centre	chargeable hour
Automobile	number of vehicles

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In process costing every producing department is a cost centre, not a cost unit.

Allocation, apportionment, absorption. Allocation charges a whole item of cost to one centre; **apportionment** divides it among several; **absorption** charges it on to the cost units. Allocation is the one asked by definition.

Cost Accounting Standards are issued by the Institute of Cost Accountants of India. CAS 12 is Repairs and Maintenance Cost; CAS 14 is Pollution Control Cost.

UNDERSTANDING a concept told apart from its neighbours

- "Which is not a cost unit" is answered by finding the organisational unit among the units of output.
- A cost driver is a cause, not a measure of output. Set-up hours and number of orders are drivers; tonne-km is a cost unit.

PYQ 2019-Jun · Q 1(i) · 1 mark · p 293	PYQ	Easy
PYQ 2019-Dec · Q 1(i) · 1 mark · p 294	PYQ	Easy
PYQ 2024-Jun · Q 1 · 2 marks · p 294	PYQ	Easy
PYQ 2025-Dec · Q 2 · 2 marks · p 295	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 296	PYQ	Easy
PYQ 2026-Jun · Q 2 · 2 marks · p 296	PYQ	Easy
PYQ 2026-Jun · Q 3 · 2 marks · p 296	PYQ	Easy
PYQ 2025-Dec · Q 4 · 2 marks · p 296	PYQ	Easy

REMEMBERING one printed fact, recalled

- Learn the industry-to-cost-unit table. It is a mark a sitting on its own, and the composite units — tonne-km, passenger-km, patient-day — are asked as a group.
- Allocation is a whole item to one centre. Apportionment and absorption are printed beside it in the same question.

PYQ 2015-Mar · Q 1 · 1 mark · p 292	PYQ	Easy
PYQ 2015-Jun · Q 1 · 1 mark · p 292	PYQ	Easy

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PYQ 2015-Mar · Q 2 · 1 mark · p 292	PYQ	Easy
PYQ 2015-Dec · Q 1 · 1 mark · p 293	PYQ	Easy
PYQ 2016-Jun · Q 1 · 1 mark · p 293	PYQ	Easy
PYQ 2017-Dec · Q 1(i) · 1 mark · p 293	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 294	PYQ	Easy
PYQ 2024-Jun · Q 2 · 2 marks · p 294	PYQ	Easy
PYQ 2024-Dec · Q 1 · 2 marks · p 295	PYQ	Easy
PYQ 2025-Dec · Q 1 · 2 marks · p 295	PYQ	Easy
PYQ 2024-Dec · Q 2 · 2 marks · p 295	PYQ	Easy
PYQ 2025-Dec · Q 3 · 2 marks · p 295	PYQ	Easy
PYQ 2025-Dec · Q 5 · 2 marks · p 296	PYQ	Easy

Classification of Costs

CMAL1P2-C4-B4.4 · IMPORTANCE A · SCANNER PAGE 297 · 129 QUESTIONS

Read first The CHEAT SHEET at the head of block 4.4 in your Scanner, pages 297 to 302. These notes do not repeat it.

NOTES

Behaviour, in one line each. Fixed cost is fixed in total and falls per unit as output rises. **Variable cost** is fixed per unit and rises in total. **Semi-variable** has both parts. Every "as production increases" question is one of those three sentences.

Prime cost	direct material + direct labour + direct expenses
Conversion cost	direct labour + factory overhead
Product cost	material, labour and factory overhead —

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	attaches to the goods, expensed when sold
Period cost	administration, selling and distribution — expensed in the period incurred
Total cost	prime + factory + administration + selling and distribution overhead

Period cost against product cost. Rent of an office building is a period cost; indirect material is a **product** cost, because it belongs to the factory. That is why "which of these would not be a period cost" is answered by indirect materials.

Explicit and implicit. Wages, rent and material are explicit — actually paid. The owner's own capital or own time is implicit, and interest on own capital is the standard notional example.

Absorption costing charges fixed factory overhead to products; marginal costing does not. Marginal costing is the behaviour-oriented approach.

All indirect cost is overhead. Indirect material, indirect labour and indirect expenses together make the overhead, which is then classified by function.

ANALYSING two or more steps, or two ideas weighed together

- For prime-cost sums, add only the three direct elements. Any indirect item in the list is there to be left out.

PYQ 2015-Sep · Q 7 · 1 mark · p 302	PYQ	Hard
PYQ 2016-Jun · Q 7 · 1 mark · p 305	PYQ	Hard

APPLYING one step of arithmetic, or one substitution

- Where a percentage of conversion cost is given, write conversion cost = direct labour + factory overhead as an equation and solve; a 40% share of conversion cost is not 40% of direct labour.

PYQ 2015-Jun · Q 4 · 1 mark · p 301	PYQ	Medium
PYQ 2018-Dec · Q 1(i) · 1 mark · p 310	PYQ	Easy

UNDERSTANDING a concept told apart from its neighbours

- Almost every negative question in this block — "which would not be a period cost", "which is an indirect cost" — is answered by deciding whether the item belongs to the factory or to the office.

- A cost that decreases per unit as activity rises is a fixed cost. Read the words "per unit" carefully; the same sentence without them means the opposite.

PYQ 2015-Mar · Q 1 · 1 mark · p 300	PYQ	Easy
PYQ 2015-Sep · Q 2 · 1 mark · p 301	PYQ	Easy
PYQ 2015-Sep · Q 3 · 1 mark · p 301	PYQ	Easy
PYQ 2015-Dec · Q 1 · 1 mark · p 302	PYQ	Easy
PYQ 2015-Dec · Q 2 · 1 mark · p 302	PYQ	Easy
PYQ 2015-Sep · Q 5 · 1 mark · p 302	PYQ	Easy
PYQ 2016-Mar · Q 1 · 1 mark · p 303	PYQ	Easy
PYQ 2016-Mar · Q 3 · 1 mark · p 303	PYQ	Easy
PYQ 2016-Jun · Q 2 · 1 mark · p 304	PYQ	Easy
PYQ 2016-Jun · Q 3 · 1 mark · p 304	PYQ	Easy
PYQ 2016-Jun · Q 8 · 1 mark · p 305	PYQ	Easy
PYQ 2017-Jun · Q 1(i) · 1 mark · p 306	PYQ	Easy
PYQ 2017-Dec · Q 1(ii) · 1 mark · p 308	PYQ	Medium
PYQ 2017-Dec · Q 1(v) · 1 mark · p 309	PYQ	Easy
PYQ 2018-Dec · Q 1(iv) · 1 mark · p 311	PYQ	Medium
PYQ 2019-Jun · Q 1(ii) · 1 mark · p 312	PYQ	Easy
PYQ 2022-Dec · Q 5 · 2 marks · p 315	PYQ	Easy
PYQ 2023-Jun · Q 3 · 2 marks · p 316	PYQ	Medium

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PYQ 2023-Jun · Q 5 · 2 marks · p 316	PYQ	Easy
PYQ 2023-Dec · Q 3 · 2 marks · p 317	PYQ	Medium
PYQ 2024-Jun · Q 3 · 2 marks · p 318	PYQ	Medium
PYQ 2023-Dec · Q 7 · 2 marks · p 318	PYQ	Easy
PYQ 2024-Dec · Q 2 · 2 marks · p 319	PYQ	Easy
PYQ 2025-Jun · Q 7 · 2 marks · p 321	PYQ	Easy
PYQ 2025-Jun · Q 9 · 2 marks · p 321	PYQ	Easy
PYQ 2025-Dec · Q 2 · 2 marks · p 322	PYQ	Easy
PYQ 2025-Jun · Q 11 · 2 marks · p 322	PYQ	Easy

REMEMBERING one printed fact, recalled

- Learn the five cost aggregates in the table as five sums. Prime cost plus factory overhead is factory cost — not conversion cost, which is the printed trap.
- Cost may be classified by element, by function, by behaviour and by controllability. "All of the above" is usually the key when the four bases are listed.

PYQ 2015-Jun · Q 1 · 1 mark · p 300	PYQ	Easy
PYQ 2015-Mar · Q 2 · 1 mark · p 300	PYQ	Easy
PYQ 2015-Mar · Q 3 · 1 mark · p 300	PYQ	Easy
PYQ 2015-Mar · Q 4 · 1 mark · p 300	PYQ	Easy
PYQ 2015-Mar · Q 5 · 1 mark · p 300	PYQ	Easy
PYQ 2015-Sep · Q 1 · 1 mark · p 301	PYQ	Easy
PYQ 2015-Jun · Q 2 · 1 mark · p 301	PYQ	Easy

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PYQ 2015-Jun · Q 3 · 1 mark · p 301	PYQ	Easy
PYQ 2015-Sep · Q 4 · 1 mark · p 302	PYQ	Easy
PYQ 2015-Sep · Q 6 · 1 mark · p 302	PYQ	Easy
PYQ 2016-Mar · Q 2 · 1 mark · p 303	PYQ	Easy
PYQ 2015-Dec · Q 3 · 1 mark · p 303	PYQ	Easy
PYQ 2015-Dec · Q 4 · 1 mark · p 303	PYQ	Easy
PYQ 2016-Mar · Q 4 · 1 mark · p 303	PYQ	Easy
PYQ 2015-Dec · Q 5 · 1 mark · p 303	PYQ	Easy
PYQ 2016-Jun · Q 1 · 1 mark · p 304	PYQ	Easy
PYQ 2016-Jun · Q 4 · 1 mark · p 304	PYQ	Easy
PYQ 2016-Jun · Q 5 · 1 mark · p 304	PYQ	Easy
PYQ 2016-Jun · Q 6 · 1 mark · p 304	PYQ	Easy
PYQ 2016-Dec · Q 1(i) · 1 mark · p 305	PYQ	Easy
PYQ 2016-Dec · Q 1(ii) · 1 mark · p 305	PYQ	Easy
PYQ 2016-Jun · Q 9 · 1 mark · p 305	PYQ	Easy
PYQ 2016-Dec · Q 1(iii) · 1 mark · p 306	PYQ	Easy
PYQ 2017-Jun · Q 1(ii) · 1 mark · p 306	PYQ	Easy
PYQ 2017-Jun · Q 1(iii) · 1 mark · p 306	PYQ	Easy
PYQ 2017-Jun · Q 1(iv) · 1 mark · p 306	PYQ	Easy
PYQ 2017-Jun · Q 1(v) · 1 mark · p 307	PYQ	Easy

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PYQ 2017-Jun · Q 1(vi) · 1 mark · p 307	PYQ	Easy
PYQ 2017-Jun · Q 1(vii) · 1 mark · p 307	PYQ	Easy
PYQ 2017-Jun · Q 1(viii) · 1 mark · p 307	PYQ	Easy
PYQ 2017-Jun · Q 1(ix) · 1 mark · p 307	PYQ	Easy
PYQ 2017-Jun · Q 1(x) · 1 mark · p 308	PYQ	Easy
PYQ 2017-Jun · Q 1(xi) · 1 mark · p 308	PYQ	Easy
PYQ 2017-Dec · Q 1(i) · 1 mark · p 308	PYQ	Easy
PYQ 2017-Dec · Q 1(iii) · 1 mark · p 308	PYQ	Easy
PYQ 2017-Dec · Q 1(iv) · 1 mark · p 309	PYQ	Easy
PYQ 2018-Jun · Q 1(i) · 1 mark · p 309	PYQ	Easy
PYQ 2018-Jun · Q 1(ii) · 1 mark · p 309	PYQ	Easy
PYQ 2018-Jun · Q 1(iii) · 1 mark · p 309	PYQ	Easy
PYQ 2018-Jun · Q 1(iv) · 1 mark · p 310	PYQ	Easy
PYQ 2018-Jun · Q 1(v) · 1 mark · p 310	PYQ	Easy
PYQ 2018-Jun · Q 1(vi) · 1 mark · p 310	PYQ	Easy
PYQ 2018-Jun · Q 1(vii) · 1 mark · p 310	PYQ	Easy
PYQ 2018-Jun · Q 1(viii) · 1 mark · p 310	PYQ	Easy
PYQ 2018-Dec · Q 1(ii) · 1 mark · p 311	PYQ	Easy
PYQ 2018-Dec · Q 1(iii) · 1 mark · p 311	PYQ	Easy
PYQ 2018-Dec · Q 1(v) · 1 mark · p 311	PYQ	Easy

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PYQ 2018-Dec · Q 1(vi) · 1 mark · p 311	PYQ	Easy
PYQ 2018-Dec · Q 1(vii) · 1 mark · p 311	PYQ	Easy
PYQ 2019-Jun · Q 1(i) · 1 mark · p 312	PYQ	Easy
PYQ 2019-Jun · Q 1(iii) · 1 mark · p 312	PYQ	Easy
PYQ 2019-Jun · Q 1(iv) · 1 mark · p 312	PYQ	Easy
PYQ 2019-Jun · Q 1(v) · 1 mark · p 312	PYQ	Easy
PYQ 2019-Jun · Q 1(vi) · 1 mark · p 312	PYQ	Easy
PYQ 2019-Jun · Q 1(vii) · 1 mark · p 313	PYQ	Easy
PYQ 2019-Jun · Q 1(viii) · 1 mark · p 313	PYQ	Easy
PYQ 2019-Dec · Q 1(i) · 1 mark · p 313	PYQ	Easy
PYQ 2019-Dec · Q 1(ii) · 1 mark · p 313	PYQ	Easy
PYQ 2019-Dec · Q 1(iii) · 1 mark · p 313	PYQ	Easy
PYQ 2019-Dec · Q 1(iv) · 1 mark · p 314	PYQ	Easy
PYQ 2019-Dec · Q 1(v) · 1 mark · p 314	PYQ	Easy
PYQ 2022-Dec · Q 1 · 2 marks · p 314	PYQ	Easy
PYQ 2022-Dec · Q 2 · 2 marks · p 314	PYQ	Easy
PYQ 2022-Dec · Q 3 · 2 marks · p 314	PYQ	Easy
PYQ 2023-Jun · Q 1 · 2 marks · p 315	PYQ	Easy
PYQ 2023-Jun · Q 2 · 2 marks · p 315	PYQ	Easy
PYQ 2022-Dec · Q 4 · 2 marks · p 315	PYQ	Easy

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PYQ 2022-Dec · Q 6 · 2 marks · p 315	PYQ	Easy
PYQ 2023-Jun · Q 4 · 2 marks · p 316	PYQ	Easy
PYQ 2023-Jun · Q 6 · 2 marks · p 316	PYQ	Easy
PYQ 2023-Jun · Q 7 · 2 marks · p 316	PYQ	Easy
PYQ 2023-Jun · Q 8 · 2 marks · p 316	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 317	PYQ	Easy
PYQ 2023-Dec · Q 2 · 2 marks · p 317	PYQ	Easy
PYQ 2023-Dec · Q 4 · 2 marks · p 317	PYQ	Easy
PYQ 2023-Dec · Q 5 · 2 marks · p 317	PYQ	Easy
PYQ 2024-Jun · Q 1 · 2 marks · p 318	PYQ	Easy
PYQ 2024-Jun · Q 2 · 2 marks · p 318	PYQ	Easy
PYQ 2023-Dec · Q 6 · 2 marks · p 318	PYQ	Easy
PYQ 2023-Dec · Q 8 · 2 marks · p 318	PYQ	Easy
PYQ 2024-Dec · Q 1 · 2 marks · p 319	PYQ	Easy
PYQ 2024-Dec · Q 3 · 2 marks · p 319	PYQ	Easy
PYQ 2024-Dec · Q 4 · 2 marks · p 319	PYQ	Easy
PYQ 2024-Dec · Q 5 · 2 marks · p 319	PYQ	Easy
PYQ 2025-Jun · Q 1 · 2 marks · p 320	PYQ	Easy
PYQ 2025-Jun · Q 2 · 2 marks · p 320	PYQ	Easy
PYQ 2025-Jun · Q 3 · 2 marks · p 320	PYQ	Easy

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PYQ 2025-Jun · Q 4 · 2 marks · p 320	PYQ	Easy
PYQ 2024-Dec · Q 6 · 2 marks · p 320	PYQ	Easy
PYQ 2024-Dec · Q 7 · 2 marks · p 320	PYQ	Easy
PYQ 2025-Jun · Q 5 · 2 marks · p 321	PYQ	Easy
PYQ 2025-Jun · Q 6 · 2 marks · p 321	PYQ	Easy
PYQ 2025-Jun · Q 8 · 2 marks · p 321	PYQ	Easy
PYQ 2025-Dec · Q 1 · 2 marks · p 322	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 322	PYQ	Easy
PYQ 2026-Jun · Q 2 · 2 marks · p 322	PYQ	Easy
PYQ 2025-Jun · Q 10 · 2 marks · p 322	PYQ	Easy
PYQ 2026-Jun · Q 3 · 2 marks · p 323	PYQ	Easy

Ascertainment of Cost and Preparation of Statement of Cost and Profit (Cost Sheet)

CMAL1P2-C4-B4.5 · IMPORTANCE B · SCANNER PAGE 325 · 55 QUESTIONS

Read first The CHEAT SHEET at the head of block 4.5 in your Scanner, pages 325 to 330. These notes do not repeat it.

NOTES

The cost sheet, in order. Direct material consumed + direct labour + direct expenses = **prime cost**; + factory overhead = **factory cost**; + administration overhead = **cost of production**; + opening finished stock − closing finished stock = **cost of goods sold**; + selling and distribution overhead = **cost of sales**; + profit = **sales**.

Material consumed = opening stock of raw material + purchases − closing stock. Where consumption and the two stocks are given and **purchases** are asked for, run the same line backwards.

Cost of goods sold	opening stock + purchases + direct expenses −

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	closing stock
Fixed cost per unit	falls as output rises
Variable cost per unit	constant; fixed **for a period** is the wrong reading
Closing stock in rising prices	highest under FIFO, lowest under LIFO

Excluded from cost accounts altogether: income tax, interest on debentures, dividends paid, donations, loss on sale of investments — items of pure finance or appropriation. They appear in financial accounts only.

Overhead absorbed on a percentage of wages. Where factory overhead is absorbed at a stated percentage of direct wages, factory cost = prime cost + that percentage of wages; the ratio form (wages : overhead = 5 : 3) is the same computation in another dress.

Stock levels. Re-order level = maximum usage × maximum lead time. Minimum level = re-order level − (normal usage × normal lead time). Maximum level = re-order level + re-order quantity − (minimum usage × minimum lead time).

ANALYSING two or more steps, or two ideas weighed together

- Where a ratio between wages and overhead is given, convert it to a percentage before applying it.
- Stock-level questions give four or five of the six quantities; write the three formulae out and substitute rather than reasoning about them.

PYQ 2017-Dec · Q 1(i) · 1 mark · p 332	PYQ	Hard
PYQ 2018-Jun · Q 1(i) · 1 mark · p 332	PYQ	Hard
PYQ 2019-Jun · Q 1(i) · 1 mark · p 333	PYQ	Hard
PYQ 2022-Dec · Q 1 · 2 marks · p 334	PYQ	Hard
PYQ 2023-Jun · Q 1 · 2 marks · p 335	PYQ	Hard
PYQ 2023-Jun · Q 2 · 2 marks · p 335	PYQ	Hard
PYQ 2023-Jun · Q 3 · 2 marks · p 335	PYQ	Hard
PYQ 2024-Jun · Q 1 · 2 marks · p 336	PYQ	Hard

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PYQ 2023-Dec · Q 2 · 2 marks · p 336	PYQ	Hard
PYQ 2023-Dec · Q 3 · 2 marks · p 336	PYQ	Hard
PYQ 2024-Jun · Q 3 · 2 marks · p 336	PYQ	Hard
PYQ 2024-Dec · Q 1 · 2 marks · p 337	PYQ	Hard
PYQ 2025-Jun · Q 1 · 2 marks · p 337	PYQ	Hard
PYQ 2024-Dec · Q 2 · 2 marks · p 337	PYQ	Hard
PYQ 2025-Jun · Q 2 · 2 marks · p 338	PYQ	Hard
PYQ 2025-Dec · Q 2 · 2 marks · p 338	PYQ	Hard
PYQ 2025-Jun · Q 3 · 2 marks · p 338	PYQ	Hard
PYQ 2026-Jun · Q 2 · 2 marks · p 339	PYQ	Hard
PYQ 2025-Dec · Q 4 · 2 marks · p 339	PYQ	Hard
PYQ 2026-Jun · Q 4 · 2 marks · p 339	PYQ	Hard

APPLYING one step of arithmetic, or one substitution

- Write the cost sheet down the page in the fixed order above and fill in what the question gives. Most questions ask for one intermediate total, and the order tells you which line it is.
- Read whether the question wants cost of production, cost of goods sold or cost of sales. All three are printed and they differ by one line each.

MQP 2024-Dec S2 · Q 7 · no marks printed · p 330	MQP mock paper	Medium

UNDERSTANDING a concept told apart from its neighbours

- Method and technique are asked here too: "which is not a method of costing" is answered by direct costing, which is a technique.

MQP 2025-Dec S1 · Q 14 · no marks printed · p 331	MQP	Easy

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	mock paper	
PYQ 2018-Jun · Q 1(iii) · 1 mark · p 333	PYQ	Easy
PYQ 2018-Dec · Q 1(i) · 1 mark · p 333	PYQ	Easy
PYQ 2018-Dec · Q 1(ii) · 1 mark · p 333	PYQ	Easy
PYQ 2019-Jun · Q 1(ii) · 1 mark · p 333	PYQ	Easy
PYQ 2023-Jun · Q 4 · 2 marks · p 335	PYQ	Easy
PYQ 2024-Jun · Q 2 · 2 marks · p 336	PYQ	Easy
PYQ 2024-Jun · Q 4 · 2 marks · p 336	PYQ	Easy
PYQ 2026-Jun · Q 1 · 2 marks · p 339	PYQ	Easy

REMEMBERING one printed fact, recalled

- Learn which items are excluded from cost accounts — they are asked as a group, and income tax is the one most often set.
- A statement showing the break-up of cost is a cost sheet. Production account and statement of profit are printed beside it.

MQP 2024-Jun · Q 1 · no marks printed · p 329	MQP mock paper	Easy
MQP 2024-Jun · Q 2 · no marks printed · p 329	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 3 · no marks printed · p 329	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 4 · no marks printed · p 329	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 5 · no marks printed · p 329	MQP mock paper	Easy
MQP 2024-Dec S1 · Q 6 · no marks printed · p 330	MQP mock paper	Easy
MQP 2024-Dec S2 · Q 8 · no marks printed · p 330	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 9 · no marks printed · p 330	MQP mock paper	Easy
MQP 2025-Jun S1 · Q 10 · no marks printed · p 330	MQP	Easy

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	mock paper	
MQP 2025-Jun S1 · Q 11 · no marks printed · p 330	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 12 · no marks printed · p 331	MQP mock paper	Easy
MQP 2025-Dec S1 · Q 13 · no marks printed · p 331	MQP mock paper	Easy
PYQ 2017-Dec · Q 1(ii) · 1 mark · p 332	PYQ	Easy
PYQ 2018-Jun · Q 1(ii) · 1 mark · p 332	PYQ	Easy
PYQ 2019-Dec · Q 1(i) · 1 mark · p 334	PYQ	Easy
PYQ 2019-Dec · Q 1(ii) · 1 mark · p 334	PYQ	Easy
PYQ 2022-Dec · Q 2 · 2 marks · p 334	PYQ	Easy
PYQ 2022-Dec · Q 3 · 2 marks · p 334	PYQ	Easy
PYQ 2023-Dec · Q 1 · 2 marks · p 335	PYQ	Easy
PYQ 2024-Jun · Q 5 · 2 marks · p 337	PYQ	Easy
PYQ 2024-Jun · Q 6 · 2 marks · p 337	PYQ	Easy
PYQ 2025-Dec · Q 1 · 2 marks · p 338	PYQ	Easy
PYQ 2025-Dec · Q 3 · 2 marks · p 338	PYQ	Easy
PYQ 2026-Jun · Q 3 · 2 marks · p 339	PYQ	Easy
PYQ 2026-Jun · Q 5 · 2 marks · p 340	PYQ	Easy

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CORRIGENDUM

What to correct in your copy, 2026 July Edition

> Four points in Part A change what you would write in the examination. Mark those first. Everything after them is the book disagreeing with itself, and Part E lists what is printed deliberately so that you do not spend time looking for mistakes that are not there.
>
> **21 points**, every one read off the page named.

A. Answers and keys to correct

The only points here that change what you write in the examination.

Where	What to note	As printed	Read it as
Page 331, block 4.5, Mock question 12	Sugar is manufactured in a continuous flow, so the method is process costing. The key appears to have changed places with question 13's.	Answer: (b) Batch Costing	Answer: (c) Process Costing
Page 331, block 4.5, Mock question 13	A hospital is a service undertaking, so the method is operating or service costing — option (b) of that question.	Answer: (c) Process Costing	Answer: (b) Operating/Service Costing
Page 213, block 3.1, Mock question 31	An unrecorded receipt from a debtor moves one asset into another and leaves profit alone. The answer text is right; the letter belongs to a different option.	Answer: (d) Neither an increase nor a decrease	Answer: (c) Neither an increase nor a decrease
Page 215, block 3.1, Mock question 38	Inventory is a current asset. The answer text is right; the letter belongs to option (d), which reads "An intangible fixed asset".	Answer: (d) A part of current assets	Answer: (c) A part of current assets

B. Questions and numbering

A number used twice, or a number set so that it is hard to read.

Where	What to note	As printed	Read it as
Page 215, block 3.1, Mock questions	The numbering runs 38 then 40. Question 39 is not printed.	38 … 40	One question is missing, not misnumbered
Page 210 (blk 3.1 q 16); pages 266–268 (blk 4.1 q 22, 24, 25, 26, 27, 28, 30, 31, 33); page	Eleven question numbers are set with no full stop after them. Every other number in the paper carries one.	16 The profit and loss Account shows …	16. The profit and loss Account shows …

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Where	What to note	As printed	Read it as
331 (blk 4.5 q 13)			
Page 30, block 1.2, 2017-December	The parts of the question are numbered 1 and 3; part 2 is not printed.	1. (a) Choose the correct answer … 3. (b) Match the following:	1. (a) … 2. (b) …
Page 213, block 3.1, Mock question 31, option (a)	The stem says ₹ 200; option (a) is set at ₹ 2,000.	(a) An increase of ` 2,000	(a) An increase of ` 200
Page 266, block 4.1, Mock question 18	The number keeps its full stop but runs straight into the stem, with no space after it.	18.The following is included in financial accounts …	18. The following is included in financial accounts …

C. Contents, syllabus and counts

Where the book's own front matter and the questions printed behind it do not agree.

Where	What to note	As printed	Read it as
Page 53, block 1.3, 2025-December question 2	No marks are printed. Questions 1 and 3 of the same sitting print [2]. It is the only past-year question in the paper without its marks.	Answer: (d) Furniture A/c	… [2]
Front matter, page vi (Contents)	Nothing to correct. The declared past-year span and the sittings actually printed agree exactly — 21 exams, 2015 March to 2026 June.	PYQ's: 2015 March to 2026 June (21 Exams)	Correct as printed

D. Names, tags and typography

Nothing in this part changes an answer.

Where	What to note	As printed	Read it as
Page 21, block 1.2, Mock question 6	December 2026 has not been held. The contents page declares the Mock papers as 2024 June to 2025 December, and the neighbouring questions are 2025-Jun S1.	|MQP 2026-Dec S2|	|MQP 2024-Dec S2|
Page 297, block 4.4 cover	The cover drops the plural the contents page uses. It is the only block in the paper where the two disagree.	Classification of Cost	Classification of Costs
Throughout, Mock Question Paper tags	The Mock source tag is set in twenty forms. Most of the paper closes it up without the spaces inside the pipes.	|MQP 2024-Dec S1|	| MQP 2024-Dec S1 |
Throughout,	Single instances spell the month in	|MQP 2025-June S1| · |	| MQP 2025-Jun S1 |

Where	What to note	As printed	Read it as
Mock Question Paper tags	full, run MQP into the year, or write the set number without its S.	MQP2024-Jun| · |MQP 2025-Dec 1|	
Throughout, past-year sitting heads	The month is set in several forms — JUNE and June, MARCH and March, DECEMBER and December.	2015-DECEMBER · 2015-December	One form throughout

E. Not errors

Printed deliberately, and listed so that they are not mistaken for mistakes.

Where	What to note	As printed	Read it as
50 questions from the June 2026 sitting	No answer is printed. The front matter says the June 2026 answers are on www.scanneradda.com under "My Books Resources". Nothing is missing from your copy.	Question and marks, no answer	Answer on www.scanneradda.com
The 226 Mock questions	They print a source tag instead of marks. Marks are printed on the past-year questions only.	| MQP 2025-Jun S1 |	Not a missing mark
33 questions printed twice in the same block	A question set at two sittings is printed under both. Elsewhere the book marks such a question with a carry tag, which it uses 28 times, five of them carrying two tags at once.	The same question, two sittings	Set again, not a duplicate
Three questions	An option is set as a symbol the text layer cannot carry. It is printed on the page; it simply cannot be copied as text.	(a) (b)	The options are on the page
Block 1.2, pages 17 to 40	The block is called Accounting Principles, Concepts and Conventions, but most of the questions printed under it are on the journal, the ledger, the trial balance and the classification of errors. Prepare it for what is printed.	1.2 Accounting Principles, Concepts and Conventions	Not an error — note the scope

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