

CAREERS 360

PRACTICE **Series**

CUET UG – 2025

Accountancy

PYQs

(Previous Year Paper With Detailed Solutions)



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General Test | Mathematics | English
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a Note for the **STUDENTS**

Dear Candidate,

With the CUET UG Accountancy examination scheduled for May 2024 and with less than two months of preparation time left, are you searching for an ebook in MCQ type for enhancing your preparation and checking your preparation? We at Careers360 have got you covered. Our comprehensive CUET Accountancy 2024 ebook is designed to aid the candidates in their preparation journey.

In the CUET UG Accountancy examination, the candidates are required to answer 40 questions from 50 questions in a time frame of 45 minutes. For each correct response, 5 marks are awarded while one mark is deducted for each wrong response. The CUET UG Accountancy examination is conducted in 13 languages (English, Kannada, Hindi, Punjabi, Marathi, Tamil, Urdu, Malayalam, Odia, Assamese, Telugu, Bengali and Gujarati) and the mode of the test is a computer-based test.

The sole purpose of this ebook is to help the candidates by making them understand the pattern of the examination and the type of questions that they can expect in the actual CUET UG Accountancy examination. The previous year's papers help them to manage the time effectively and devise strategies accordingly.

ABOUT THE EBOOK

Through the contents of this ebook, a candidate view various previous year's questions extracted from the following topics:

UNIT: ACCOUNTING FOR NOT-FOR-PROFIT ORGANIZATIONS AND PARTNERSHIP FIRMS

Chapter I: Accounting Not-for-Profit Organisation: Important questions from topics such as not-for-profit organization meaning and examples, receipts and payments concept, income and expenditure account preparation, and balance sheet preparation from receipt and payment account with additional information are discussed in detail.

Chapter II: Accounting for Partnership: Key questions from topics including partnership firm nature, importance of partnership deed, fixed vs. fluctuating capital, profit and loss appropriation account, division of profit among partners, and accounting for revaluation of assets and liabilities are explored thoroughly.

Chapter III: Reconstitution of Partnership: Essential questions from topics like changes in profit-sharing ratio, accounting for revaluation of assets and liabilities, distribution of reserves and accumulated profits, nature of goodwill, factors affecting goodwill, methods of valuation, admission of a partner, effects of admission on profit sharing ratio, accounting treatment for goodwill, revaluation of assets and liabilities, reserves, and adjustment of capitals are discussed comprehensively.

Chapter IV: Dissolution of Partnership Firm: Major questions from concepts such as settlement of accounts, preparation of realization account, and related accounts (excluding piecemeal distribution, sale to a company, and insolvency of a Partner) are covered in detail.

UNIT: COMPANY ACCOUNTS AND FINANCIAL STATEMENT ANALYSIS

Chapter V: Accounting for Share and Debenture Capital: Key questions from topics such as share capital meaning and types, accounting for share capital including issue and allotment of equity and preference shares, forfeiture of shares, re-issue of forfeited shares, presentation of shares and debentures capital in the company's balance sheet, issue of debentures at par, premium, and discount, and redemption of debentures are discussed comprehensively.

Chapter VI: Analysis of Financial Statements: Essential questions from topics including preparation of simple financial statements of a company, financial analysis meaning, significance, purpose, limitations, tools for financial analysis such as comparative statements and common size statements, accounting ratios objectives, types of ratios including liquidity ratios, solvency ratios, activity ratios, and profitability ratios are explored thoroughly.

Chapter VII: Statement of Changes in Financial Position: Major questions from concepts like cash flow statement meaning, objectives, preparation, adjustments related to depreciation, dividend and tax, sale and purchase of non-current assets as per revised standard issued by ICAI are covered in detail.

UNIT: COMPUTERIZED ACCOUNTING SYSTEM

Chapter I: Overview of Computerized Accounting System: Fundamental questions from topics such as the concept and types of computerized accounting systems (CAS), features of CAS, and the structure of CAS are discussed thoroughly.

Chapter II: Using Computerized Accounting System: Key questions include topics such as steps in the installation of CAS, preparation of chart of accounts, codification, and hierarchy of account heads, data entry, validation, and verification, adjusting entries, preparation of financial statements, closing entries, opening entries, and security features available in CAS.

Chapter III: Accounting Using Database Management System (DBMS): This unit covers important questions from concepts of DBMS, objects in DBMS (tables, queries, forms, reports), creating data tables for accounting, using queries, forms, and reports for generating accounting information, and applications of DBMS in various accounting tasks.

Chapter IV: Accounting Applications of Electronic Spreadsheet: Key questions from topics including the concept of an electronic spreadsheet (ES), features offered by ES, and applications of ES in generating accounting information, preparing depreciation schedules, loan repayment schedules, payroll accounting, and other relevant tasks.

CUET UG ACCOUNTANCY PREVIOUS YEAR QUESTION PAPER ANALYSIS

Q1. As per Receipts and Payments Account for the year ended on March 31, 2020, subscriptions received were ₹ 2,50,000 subscriptions outstanding on 1-04-2019 ₹ 50,000 , Subscriptions received in advance as on 31-3-2020 are ₹ 30,000.

Subscriptions for the year 2019-20 will be:

- A: ₹ 2,30,000
- B: ₹ 1,50,000
- C: ₹ 2,40,000
- D: ₹ 1,70,000

Correct option: D

Solution:

Amount is to be credited to Income & Expenditure A/c = Amount as per Receipts and Payments A/c – Opening outstanding subscription + Closing outstanding subscription – Closing advance subscription + Opening advance subscription

Amount is to be credited to Income & Expenditure A/c = ₹ 2,50,000 - ₹ 50,000 + Nil - ₹ 30,000 + Nil = ₹ 1,70,000.

Q2. At the time of admission of a new partner general reserve appearing in the old balance sheet is transferred to

- A: All Partner's Capital A/C
- B: New Partner's Capital A/C
- C: Old Partner's Capital A/C
- D: Gaining Partner's Capital A/C

Chapter name: Admission of a partner

Correct option: C

Solution: At the time of admission of a new partner, free reserves like general reserves, credit balance of profit and loss, and deferred revenue expenditures are to be borne by old partners in the old profit sharing ratio and hence, transferred to the Old Partner's Capital A/c.

Q3. Match List I with List II

LIST I: Basis of Debenture		LIST II: Types of Debenture	
A.	Tenure	I.	Zero coupon rate
B.	Interest rate point of view	II.	Irredeemable
C.	Security	III.	Registration

D.	Bearer	IV.	Secured
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Choose the correct answer from the options given below:

- A: A - I, B - III, C - II, D - IV
 B: A - IV, B - I, C - III, D - II
 C: A - II, B - I, C - IV, D - III
 D: A - III, B - IV, C - I, D - II

Correct option: C

Solution:

Following is the correct match- A-II, B-I, C-IV, D-III

List I: Basis of Debentures		List II: Types of Debentures	
A.	Tenure	II.	Irredeemable
B.	Interest rate point of view	I.	Zero coupon rate
C.	Security	IV.	Secured
D.	Bearer	III.	Registration

Q4. On retirement of a partner, the retiring partner's capital account will be credited with

- A: His/her share of Goodwill
 B: Good will of the firm
 C: Share of Good will of Remaining Partners
 D: His/her share of Goodwill and share of Goodwill of Remaining Partners

Correct option: A

Solution:

On retirement of a partner, the retiring partner's capital account will be credited with the retiring partner's share of goodwill. Journal entry will be:

JOURNAL ENTRY

Date	Particulars	L.F.	Amount (₹)	Amount (₹)
	Gaining Partner's Capital A/c Dr. To Retiring Partner's Capital A/c (Being retiring partner's capital account is credited with his share of goodwill)			

Q5. Journal entry to be passed for unrecorded assets for preparing Revaluation A/C at the time of Retirement of a partner will be

- A: Assets A/C Dr. To all Partners capital A/C
 B: Assets A/C Dr. To Revaluation A/c
 C: Revaluation A/C Dr. To assets A/C
 D: Revaluation A/C Dr. To old partner's capital A/C

Correct option: B

Solution:

Following is the journal entry:

JOURNAL ENTRY

Date	Particulars	L.F.	Amount (₹)	Amount (₹)
	Assets A/c Dr. To Revaluation A/c (Being unrecorded assets are recorded in Revaluation A/c)			

Q6. Match List I with List II

LIST I: Major Head		LIST II: Sub Head	
A.	Fixed assets	I.	Short term provisions
B.	Current Assets	II.	Money received against share warrants
C.	Current Liabilities	III.	Non current investment
D.	Shareholder's Funds	IV.	Inventories

Choose the correct answer from the options given below:

A: A - IV, B - I, C - II, D - III

B: A - III, B - IV, C - I, D - II

C: A - I, B - IV, C - II, D - III

D: A - II, B - I, C - IV, D - III

Correct option: B

Solution:

Following is the correct match- A-III, B-IV, C-I, D-II

List I: Major Head		List II: Sub Head	
A.	Fixed Assets	III.	Non current investment
B.	Current Assets	IV.	Inventories
C.	Current Liabilities	I.	Short term provisions
D.	Shareholder's Funds	II.	Money received against share warrants

Q7. Match List I with List II

LIST I

- A. Cash Equivalents
B. Financing Activities
C. Operating Activities
D. Investing Activities

LIST II

- I. Interim Dividend paid
II. Selling & Distribution expenses paid
III. Marketable securities
IV. Dividend received on Shares held as investment

Choose the correct answer from the options given below:

- A: A - IV, B - I, C - II, D - III
B: A - III, B - I, C - II, D - IV
C: A - III, B - IV, C - II, D - I
D: A - III, B - IV, C - I, D - II

Correct option: B

Solution:

Following is the correct match- A-III, B-I, C-II, D-IV

List I		List II	
A.	Cash Equivalents	III.	Marketable securities
B.	Financing Activities	I.	Interim Dividend paid
C.	Operating Activities	II.	Selling & Distribution expenses paid
D.	Investing Activities	IV.	Dividend received on Shares held as investment

Q8. At the time of retirement of a Partner the remaining gaining partners should compensate the_____

- A: Remaining Partners only
B: Retiring Partners only
C: Retiring Partners as well as remaining partners who have sacrificed
D: Sacrificing partners only

Correct option: C

Solution:

At the time of retirement of a Partner the remaining gaining partners should compensate the retiring partners as well as remaining partners who have sacrificed.

JOURNAL ENTRY

Date	Particulars	L.F.	Amount (₹)	Amount (₹)
	Gaining Partner's Capital A/c Dr. To Retiring Partner's Capital A/c (Being gaining partners should compensate the retiring partners as well as remaining partners who have sacrificed)			

Q9. If a partner retires in the middle of the year his/her share of profit from the date of last balance sheet till the date of retirement will be transferred to :

- A: Profit & Loss A/C credit side
- B: Profit & Loss suspense A/C debit side
- C: Retiring partners capital A/C debit side
- D: Profit & Loss suspense A/C credit side

Correct option: B

Solution:

Following is the journal entry

JOURNAL ENTRY

Date	Particulars	L.F.	Amount (₹)	Amount (₹)
	Profit & Loss Suspense A/c Dr. To Retiring Partner's Capital A/c (Being a retiring partner's share of profit transferred to Profit & Loss Suspense A/c)			

Q10. If debentures are converted into equity shares, it is a/an :

- A: Inflow of cash
- B: No flow of cash
- C: Outflow of cash
- D: Cash and Cash equivalents

Correct option: B

Solution: I

If debentures are converted into equity shares, it shows no flow of cash, hence it will not be shown in the cash flow statement.

Q11. Match List I with List II in context of not having partnership deed.

LIST I		LIST II	
A.	Interest on loan	I.	Equal
B.	Interest on drawings	II.	Will not be charged
C.	Salary	III.	@ 6% p.a.
D.	Profit sharing ratio	IV.	Will not be allowed/provided

Choose the correct answer from the options given below:

- A: A - IV, B - I, C - III, D - II
- B: A - III, B - IV, C - II, D - I
- C: A - IV, B - III, C - II, D - I
- D: A - III, B - II, C - IV, D - I

Correct option: D

Solution:

Following is the correct match- A-III, B-II, C-IV, D-I

List I		List II	
A.	Interest on loan	III.	@6% p.a.
B.	Interest on drawings	II.	Will not be charged
C.	Salary	IV.	Will not be allowed/provided
D.	Profit sharing ratio	I.	Equal

Q12. What is the correct sequence of allotment of shares

- A. Allotment money received
- B. Inviting applications from investors
- C. Allotment Due
- D. Application money Received
- E. Share Call Money Due

Choose the correct answer from the options given below :

- A: E, C, A, B, D
- B: A, B, C, D, E
- C: B, D, C, A, E
- D: C, A, E, D, B

Correct option: C

Solution:

Following is the correct sequence of allotment of shares-

- B: Inviting applications from investors
- D: Application money received
- C: Allotment due
- A: Allotment money received
- E: Share call money due

Q13. What is the correct sequence of types of capital in company's Balance sheet while preparing notes to accounts.

- A. Issued Capital
- B. Subscribed and fully paid up capital
- C. Share forfeited Balance
- D. Authorised Capital
- E. Subscribed but not fully paid up capital

Correct option: B

Solution:

Following is the correct sequence of types of capital in company's Balance Sheet while preparing notes to accounts-

- D: Authorised Capital
- A: Issued Capital
- B: Subscribed and fully paid up capital
- E: Subscribed but not fully paid up capital
- C: Share forfeited balance

Q14. Identify the correct sequence to find out profit after tax while preparing comparative income statement

- A. Deduct expenses
- B. Find out total revenue by adding other incomes to revenue from operations
- C. Find out profit after tax
- D. Deduct tax
- E. Calculate profit before tax

Correct option: B

Solution:

Following is the correct sequence to find out profit after tax while preparing comparative income statement-

B: Find out total revenue by adding other incomes to revenue from operations

A: Deduct expenses

E: Calculate profit before tax

D: Deduct tax

C: Find out profit after tax

Explanation:

STATEMENT OF PROFIT & LOSS

For the year ending ...

Particulars	Note No.	Amount (₹)
Revenue from Operations		XXX
(+) Other Income		XXX
Total Revenue		XXX
(-) Expenses		(XXX)
Profit before tax		XXX
(-) Tax		(XXX)
Profit after tax		XXX

Q15. If net profit made during the year are ₹ 50,000 and the bills receivables have decreased by ₹ 10,000 during the year then the cash flow from operating activities will be:

- A: ₹ 40000
- B: ₹ 60000
- C: ₹ 30000
- D: ₹ 20000

Correct option: B

Solution:

Net profit made during the year	=	₹ 50,000
(+) Decrease in Bills Receivable	=	₹ 10,000
Cash flow from operating activities	=	₹ 60,000

Q16. The capital accounts of partners will always show a _____ balance under fixed capital account method

- A: Debit
- B: Credit
- C: Zero

D: Negative

Correct option: B

Solution:

Under fixed capital account method, all transactions other than the introduction of additional capital and withdrawal of capital are recorded in Partner's Current Account that's why Partner's Capital Account will always show a credit balance.

Q17. Aman and Mohan, partners of a firm decided to dissolve the business on 31-03-22. The firm decided to pay realisation expenses of ₹ 1,000 on behalf of Mohan. ₹ 1000 will be debited to

- A: Realisation A/C
- B: Mohan's capital A/C
- C: Bank A/C
- D: Aman's capital A/C

Correct option: B

Solution:

Following is the journal entry

JOURNAL ENTRY

Date	Particulars	L.F.	Amount (₹)	Amount (₹)
	Mohan's Capital A/c Dr. To Bank A/c (Being realisation expenses are paid by the firm on behalf of Mohan)		1,000	1,000

Q18. Common size analysis is also known as

- A: Horizontal Analysis
- B: Vertical Analysis
- C: Cash Flow Analysis
- D: Ratio Analysis

Correct option: B

Solution:

Using a common base amount as the % for each line item on a financial statement, common size analysis is a useful financial tool. It is also known as vertical analysis.

Q19. Calculate the amount of yearly interest payable on 9% debentures (10,000 debentures of ₹ 100) issued as collateral security.

- A: No Interest payable
- B: ₹ 90,000
- C: ₹ 9000
- D: ₹ 99000

Correct option: A

Solution:

When debentures are issued as collateral security, interest will not be paid as the lender does not own such debentures.

Q20. If the net profit earned during the year is ₹ 1,00,000 and the amount of Bills receivables in the beginning and the end of the year is ₹ 20,000 and ₹ 40,000 respectively, then cash flow from operating activities will be:

- A: ₹60,000
- B: ₹ 1,00,000
- C: ₹80,000
- D: ₹ 1,20,000

Correct option: C

Solution:

Net profit earned during the year	=	₹ 1,00,000
(-) Increase in Bills Receivables (40,000 – 20,000)	=	(₹ 20,000)
Cash flow from operating activities	=	₹ 80,000

Q21. Sale of copy rights are considered as a part of

- A: Investing Activities
- B: Financing Activities
- C: Operating Activities
- D: Financing & Operating Activities

Correct option: A

Solution:

Sale of copyrights is considered as a part of investing activities as copyrights are intangible assets (non current assets → Property plant and equipment).

Q22. Romi Ltd. purchased building worth ₹ 1,50,000 machinery worth ₹ 1,40,000 and furniture worth ₹ 10,000 from xyz co. and took over its liabilities of ₹ 20,000 for a purchase consideration of ₹ 3,15,000. They paid the purchase consideration by issuing 12% debentures of ₹ 100 each at a premium of 5%. What will be the number of debentures issued by Romi Ltd.

- A: 4,000
- B: 3,500
- C: 3,000
- D: 2,000

Correct option: C

Solution:

Purchase consideration = ₹ 3,15,000 (Given)

$$\text{Number of debentures} = \frac{\text{Purchase consideration}}{\text{Issue Price}} = \frac{₹ 3,15,000}{₹ (100 + 5)} = 3,000.$$

Q23. Securities premium Reserve can be utilised

- A. to return excess money received on application
- B. to write off preliminary expenses
- C. to issue partly paid bonus shares

- D. for premium paid on Redemption of Debentures or preference shares
- E. for buy back of shares

Choose the correct answer from the options given below:

- A: A, B, C only
- B: B, C, E only
- C: C, D, E only
- D: B, D, E only

Correct option: D

Solution:

According to Section 52(2) of the Companies Act, 2013, securities premium reserve can be utilised:

- a. To write off fully paid up bonus shares,
- b. To write off preliminary expenses of the company,
- c. To write off expenses of issue of shares or debentures,
- d. To write off premium payable on redeemable preference shares or debentures,
- e. To buy back equity shares

Q24. What are different types of debentures from the view point of registration

- A. Convertible
- B. Bearer
- C. Redeemable
- D. Secured
- E. Registered

Choose the correct answer from the options given below:

- A: A & E only
- B: B & C only
- C: B & E only
- D: C & D only

Correct option: C

Solution:

Debentures are categorised as registered debentures and bearer debentures from the perspective of registration. When it comes to registered debentures, the issuing organisation has the holder's name, address, and other relevant information on file. Bearer debentures are easily transferable to a new holder because the company issuing them does not have the prior holder's details on record.

Q25. Identify the steps in preparation of final accounts of not for profit organisation (NPO)

- A. Prepare Balance Sheet of NPO
- B. Prepare Income and Expenditure Account from Receipts and payment Account
- C. Prepare Receipts and payment Account
- D. Adjust outstanding/prepaid expenditure/Income and determine surplus/ Deficit
- E. Prepare cash book

Choose the correct answer from the options given below:

- A: E, C, B, D, A
- B: D, E, A, B, D
- C: A, B, C, D, E
- D: E, C, A, B, D

Correct option: A

Solution:

Following are the steps in preparation of final accounts of not for profit organisation (NPO)-

E. Prepare cash book

C. Prepare receipts and payment account

B. Prepare Income and Expenditure Account from Receipts and Payment Account

D. Adjust outstanding/prepaid expenditure/income and determine surplus/deficit

A. Prepare Balance Sheet of NPO

Q26. Match List I with List II in context of cashflow statement

LIST I		LIST II	
A.	Sale of fixed asset	I.	Outflow in operating activities
B.	Purchase of Goodwill	II.	Inflow in Investing Activities
C.	Tax Paid	III.	Outflow in Investing Activities
D.	Dividend Paid	IV.	Outflow in Financing Activities

Choose the correct answer from the options given below:

A: A - II, B - I, C - IV, D - III

B: A - II, B - III, C - I, D - IV

C: A - II, B - I, C - III, D - IV

D: A - III, B - II, C - IV, D - I

Correct option: B

Solution:

Following is the correct match- A-II, B-III, C-I, D-IV

List I		List II	
A.	Sale of fixed asset	II.	Inflow of Investing Activities
B.	Purchase of Goodwill	III.	Outflow of Investing Activities
C.	Tax paid	I.	Outflow in Operating Activities
D.	Dividend paid	IV.	Outflow in Financing Activities

Q27. Identify the limitations of financial statements :

- A. Can be biased
- B. Report on stewardship function
- C. Aggregate information
- D. Only interim reports
- E. Basis of fiscal policies

Choose the correct answer from the options given below:

- A: A, C, B only
- B: A, C, D only
- C: E, A, D only
- D: B, A, C only

Correct option: B

Solution:

Following are the limitations of financial statements:

- a. It can be biased.
- b. Figures are based on historical cost.
- c. It provides aggregate information.
- d. It is not adjusted for inflation.
- e. It only provides interim reports.
- f. It only covers information for a specific period.

Q28. What are the different types of liquidity ratios

- A. Interest coverage ratio
- B. Current ratio
- C. Inventory turnover ratio
- D. Gross profit ratio
- E. Acid test ratio

Choose the correct answer from the options given below:

- A: A & B only
- B: B & E only
- C: B & D only
- D: D & E only

Correct option: B

Solution:

The ability of a company to settle its short-term debt is measured by liquidity ratios. Following are its types:

- a. Current ratio, and
- b. Quick ratio or liquid ratio or acid test ratio.

Q29. Identify the components of equity:

- A. Money received against share warrants
- B. Working capital
- C. Share capital
- D. Reserves & surplus
- E. Cash Revenue from operations

Choose the correct answer from the options given below:

- A: A, C & E only
- B: B, C & D only
- C: A, B & C only
- D: A, C & D only

Correct option: D

Solution:

Following are the components of shareholder's funds:

- a. Share capital,
- b. Reserves and Surplus,
- c. Money received against share warrants.

Q30. Identify the correct sequence of current assets in company's Balance sheet?

- A. Bills Receivables
- B. Cash & cash equivalents
- C. Short term loans & advances
- D. Inventories
- E. Current investments

Choose the correct answer from the options given below:

- A: C, A, B, E, D
- B: D, C, E, A, B
- C: B, D, E, C, A
- D: E, D, A, B, C

Correct option: D

Solution:

Following is the correct sequence of current assets in company's Balance Sheet-

- a. Current investments
- b. Inventories
- c. Trade Receivables
- d. Cash and cash equivalents
- e. Short-term loans and advances
- f. Other current assets

Q31. When debentures are issued at premium with the term of redeeming them at par.

The amount of premium received at the time of issue will be:

- A: Debited to premium on Redemption of Debenture A/C
- B: Credited to Premium on Redemption of Debentures A/C
- C: Debited to Securities Premium Reserve A/C
- D: Credited to securities premium Reserve A/C

Correct option: D

Solution:

When debentures are issued at a premium, it means that the company will receive a sum greater than the face value, with only the face value given back to the firm upon redemption. As a result, the company will profit from the amount of premium paid at the time of issue, which will be credited to the securities premium reserve account.

Q32. While preparing common-size Balance sheet, each item of Balance sheet is expressed as % of

- A: Non-current assets
- B: Current assets
- C: Non-current liabilities
- D: Total assets or total liability

Correct option: D

Solution:

The percentage of each asset to the total asset and the percentage of each liability to the total liability are shown on a common size balance sheet.

Q33. It is the amount-paid to the person who is not the regular employee of the institution.

- A: Wages
- B: Honorarium
- C: Salary
- D: Donation

Correct option: B

Solution:

An honorarium is a type of compensation given to an individual who works for a non-profit organisation but is not an official employee. This payment is represented on the expense side of the Income and Expenditure Account.

Q34. When the total amount withdrawn is given but the date of withdrawal is not given then interest on drawings is charged for a period of:

- A: 3 months
- B: 6 months
- C: 9 months
- D: 12 months

Correct option: B

Solution:

Interest on drawings is computed for an average period of six months when the total amount withdrawn is specified but the date of withdrawal is not. It is based on the concept that drawings are made evenly throughout the year.

Q35. At the time of admission of partner if goodwill exist in the books of account it will be written off among:

- A: Old partners in sacrificing ratio
- B: All the partners in new ratio
- C: New partners in gaining ratio
- D: Old partners in old profit sharing ratio

Correct option: D

Solution:

Goodwill is written off among the existing partners in the old profit sharing ratio when it is already recorded in the books at the time of a partner's admission. For this, the following journal entry is made:

JOURNAL ENTRY

Date	Particulars	L.F.	Amount (₹)	Amount (₹)
	Old Partner's Capital A/c Dr. To Goodwill A/c (Being goodwill is written off in the old profit sharing ratio)			

Q36. Rani, Sandhya and Kangana are partners sharing profits in the ratio of 4:3:2 Rani retires. Sandhya and Kangana decided to share profits in future in the ratio of 5:3. Gaining ratio of Sandhya and Kangana will be

- A: 11:21
- B: 21:11
- C: 31:12
- D: 23:13

Correct option: B

Solution:

Gaining ratio = New ratio – Old ratio

Gaining ratio: Sandhya = $\frac{5}{8} - \frac{3}{9} = \frac{21}{72}$

Kangana = $\frac{3}{8} - \frac{2}{9} = \frac{11}{72}$

Gaining ratio = 21:11

Q37. What are the internal controls designed to do?

- A: Only ensure accurate accounting records
- B: Safeguard assets and optimize use of resource
- C: Only safeguard assets
- D: Only achieve maximum revenue

Correct option: C

Solution:

Internal controls and company regulations play a critical role in preserving and protecting assets, safeguarding company information, and protecting the company against fraud.

Q38. How many blank worksheets are shown when a new workbook is created.

- A: Four
- B: Three
- C: Two
- D: One

Correct option: B

Solution:

When a new workbook is created, it initially shows three blank worksheets labelled as worksheets 1, 2, and 3. However, we have the ability to modify the amount of worksheets that a new workbook should include.

Q39. Which of the following arguments in a financial function represents the total number of payments

- A: FV
- B: PV
- C: NPer
- D: Rate

Correct option: C

Solution:

Total number of payment periods is denoted by NPer. It stands for the total number of loan or investment periods.

Q40. The term 'field' as applied to database table means.

- A: Name of the table
- B: Horizontal row of the table
- C: Size of the table
- D: Vertical column of the table

Correct option: D

Solution:

A collection of values with the same data type that are grouped in a table is referred to as a database field. In databases, fields are used to maintain relationships between tables.

Q41. Case study

A and B were partners in a partnership firm. Due to the ill health of B they decided to dissolve the firm. The position of Assets and Liabilities on the date of dissolution was:

Balance Sheet

Liabilities	₹	Assets	₹
Loan by B	20,000	Goodwill	30,000
Capitals		Furniture	40,000
A. 1,00,000		Building	90,000
B. 1,40,000	2,40,000	Debtors	50,000
		Cash	50,000
	2,60,000		2,60,000

It was agreed that following transactions will take place :

- A. A wanted to start the business in sole proprietorship So he took Building and Furniture at less than book value.
- B. All the debtors proved good except a person who did not pay ₹ 10,000.

Question: Due to the ill health of B, they decided to dissolve the firm. It comes under ____ form of dissolution.

- A: Dissolution by Notice
- B: On the happening of certain contingencies
- C: Dissolution by court
- D: Dissolution by Agreement

Correct option: D

Solution:

They made the decision to dissolve the company because of B's illness. Dissolution by agreement applies to it. Dissolution by agreement is the process through which all of the partners decide to end the business together.

Q42. Case study

A and B were partners in a partnership firm. Due to the ill health of B they decided to dissolve the firm. The position of Assets and Liabilities on the date of dissolution was:

Balance Sheet

Liabilities	₹	Assets	₹
Loan by B	20,000	Goodwill	30,000
Capitals		Furniture	40,000
A. 1,00,000		Building	90,000
B. 1,40,000	2,40,000	Debtors	50,000
		Cash	50,000
	2,60,000		2,60,000

It was agreed that following transactions will take place :

- A. A wanted to start the business in sole proprietorship So he took Building and Furniture at less than book value.
- B. All the debtors proved good except a person who did not pay ₹ 10,000.

Question: The amount recovered from the debtors is:

- A: ₹ 1,00,000
- B: ₹ 40,000
- C: ₹ 50,000
- D: ₹ 60,000

Correct option: B

Solution:

Amount recovered from the debtors = Total debtors – Bad debts = ₹ 50,000 - ₹ 10,000 = ₹ 40,000.

Q43. Case study

A and B were partners in a partnership firm. Due to the ill health of B they decided to dissolve the firm. The position of Assets and Liabilities on the date of dissolution was:

Balance Sheet

Liabilities	₹	Assets	₹
Loan by B	20,000	Goodwill	30,000
Capitals		Furniture	40,000
A. 1,00,000		Building	90,000
B. 1,40,000	2,40,000	Debtors	50,000
		Cash	50,000
	2,60,000		2,60,000

It was agreed that following transactions will take place :

- A. A wanted to start the business in sole proprietorship So he took Building and Furniture at less than book value.
- B. All the debtors proved good except a person who did not pay ₹ 10,000.

Question: Following items appear on the Debit side of Realisation AC except :

- A. Transfer of Assets
- B. Payment of liabilities
- C. Provisions
- D. Realisation expenses
- E. Asset taken over by partner

Choose the correct answer from the options given below:

- A: A, C, E only
- B: C, D, E only
- C: D, E only
- D: C, E only

Correct option: A

Solution:

Assets, payments for liabilities, payments for unrecorded liabilities, realisation expenses, profit, if any, are shown on the debit side of the realisation account. The Realisation Account's credit side contains items such as liabilities, transfer of assets, assets taken over by a partner, any provisions made, any losses incurred, and so on.

Q44. Case study

A and B were partners in a partnership firm. Due to the ill health of B they decided to dissolve the firm. The position of Assets and Liabilities on the date of dissolution was:

Balance Sheet

Liabilities	₹	Assets	₹
Loan by B	20,000	Goodwill	30,000
Capitals		Furniture	40,000
A. 1,00,000		Building	90,000
B. 1,40,000	2,40,000	Debtors	50,000
		Cash	50,000
	2,60,000		2,60,000

It was agreed that following transactions will take place :

A. A wanted to start the business in sole proprietorship So he took Building and Furniture at less than book value.

B. All the debtors proved good except a person who did not pay ₹ 10,000.

Question: The treatment of Goodwill appearing in the balance sheet will be:

A: Transferred to Debit of Realisation A/C

B: Written off among partners in old ratio

C: Transferred to credit of Realisation $\frac{\text{A}}{\text{C}}$

D: Raised and written off

Correct option: A

Solution:

Goodwill is already recorded in the books and will be transferred to the debit side of the Realisation Account along with other assets.

Q45. Case study

A and B were partners in a partnership firm. Due to the ill health of B they decided to dissolve the firm. The position of Assets and Liabilities on the date of dissolution was:

Balance Sheet

Liabilities	₹	Assets	₹
Loan by B	20,000	Goodwill	30,000
Capitals		Furniture	40,000
A. 1,00,000		Building	90,000
B. 1,40,000	2,40,000	Debtors	50,000
		Cash	50,000
	2,60,000		2,60,000

It was agreed that following transactions will take place :

- A. A wanted to start the business in sole proprietorship So he took Building and Furniture at less than book value.
 B. All the debtors proved good except a person who did not pay ₹ 10,000.

Question: The accumulated profits and reserve are transferred to:

- A: Revaluation A/C
 B: Realisation A/C
 C: Partner's Capital A/C
 D: Cash/Bank A/C

Correct option: C

Solution:

In accordance with their old profit-sharing ratio, the accumulated profit and reserves are transferred to the capital partner's capital account.

Q46.

Instructions: Read the passage carefully and answer the following questions 46-50)

XYZ Ltd is registered with an authorised capital of ₹ 20 lakh divided into 2 lakh equity shares of ₹ 10 each. The company is in manufacturing of pickles and spices. Due to the increase in demand of packed food in the market they decided to diversify its operation. For this purpose they decided to issue 1 lakh equity share of ₹ 10 each. The company issued 20,000 equity shares to a vendor to supply the machinery required to manufacture the packed food. Rest of the equity shares were issued to general public for subscription. The application were received for 46,000 equity shares. Due to undersubscription of equity shares the shares were not issued to public.

Question: The company issued 20,000 equity shares of ₹ 10 each to vendor. After issuing them the shares the vendor will be considered as:

- A: Creditors
 B: Owners
 C: Customer
 D: Lender

Correct option: B

Solution:

Due to the ownership of the company's shares, the vendor will be regarded as the company's owner.

Q47.

Instructions: Read the passage carefully and answer the following questions 46-50)

XYZ Ltd is registered with an authorised capital of ₹ 20 lakh divided into 2 lakh equity shares of ₹ 10 each. The company is in manufacturing of pickles and spices. Due to the increase in demand of packed food in the market they decided to diversify its operation. For this purpose they decided to issue 1 lakh equity share of ₹ 10 each. The company issued 20,000 equity shares to a vendor to supply the machinery required to manufacture the packed food. Rest of the equity shares were issued to general public for subscription. The application were received for 46,000 equity shares. Due to undersubscription of equity shares the shares were not issued to public.

Question: In order to raise money by issuing the shares in the market the company must get applications for at least

- A: 1,00,000 shares
- B: 80,000 shares
- C: 72,000 shares
- D: 20,000 shares

Correct option: C

Solution:

The minimum subscription is the amount that the public must subscribe for the firm to allot shares to the application when shares are issued to the general public. At least 90% of the money offered to the public should be collected by the company. Consequently, 72,000 shares are equal to 90% of ₹ 80,000 (₹ 1,00,000 - ₹ 20,000) shares.

Q48

Instructions: Read the passage carefully and answer the following questions 46-50)

XYZ Ltd is registered with an authorised capital of ₹ 20 lakh divided into 2 lakh equity shares of ₹ 10 each. The company is in manufacturing of pickles and spices. Due to the increase in demand of packed food in the market they decided to diversify its operation. For this purpose they decided to issue 1 lakh equity share of ₹ 10 each. The company issued 20,000 equity shares to a vendor to supply the machinery required to manufacture the packed food. Rest of the equity shares were issued to general public for subscription. The application were received for 46,000 equity shares. Due to undersubscription of equity shares the shares were not issued to public.

Question: The process of issuing shares to a vendor in exchange of any asset is known as:

- A: Issue of share for cash
- B: Issue of share at discount
- C: Issue of share at premium
- D: Issue of share for consideration other than cash

Correct option: D

Solution:

A firm may choose to pay the vendor in cash or by issuing shares as payment for an item that it has purchased. "Issue of shares for consideration other than cash" refers to the issue of shares in exchange of the purchase price.

Q49

Instructions: Read the passage carefully and answer the following questions 46-50)

XYZ Ltd is registered with an authorised capital of ₹ 20 lakh divided into 2 lakh equity shares of ₹ 10 each. The company is in manufacturing of pickles and spices. Due to the increase in demand of packed food in the market they decided to diversify its operation. For this purpose they decided to issue 1 lakh equity share of ₹ 10 each. The company issued 20,000 equity shares to a vendor to supply the machinery required to manufacture the packed food. Rest of the equity shares were issued to general public for subscription. The application were received for 46,000 equity shares. Due to undersubscription of equity shares the shares were not issued to public.

Question: If the company is unable to get minimum subscription, the shares cannot be issued and the amount must be refunded within 8 days from the date of closure. If not, company shall be liable to pay _____% interest p.a.

- A: 10%
- B: 15%

- C: 6%
- D: 5%

Correct option: B

Solution:

In the event that the minimum subscription is not met by the company, no shares will be issued, and the money will be refunded within 15 days after the close date. If not, the company will have to pay 15% annual interest.

Q. 50

Instructions: Read the passage carefully and answer the following questions 46-50)

XYZ Ltd is registered with an authorised capital of ₹ 20 lakh divided into 2 lakh equity shares of ₹ 10 each. The company is in manufacturing of pickles and spices. Due to the increase in demand of packed food in the market they decided to diversify its operation. For this purpose they decided to issue 1 lakh equity share of ₹ 10 each. The company issued 20,000 equity shares to a vendor to supply the machinery required to manufacture the packed food. Rest of the equity shares were issued to general public for subscription. The application were received for 46,000 equity shares. Due to undersubscription of equity shares the shares were not issued to public.

Question: The following refer to the maximum amount of share capitals issued by a company in its life times except:

- A: Subscribed Capital
- B: Authorised Capital
- C: Nominal Capital
- D: Registered Capital

Correct option: A

Solution:

The maximum number of shares that a company is allowed to issue to its shareholders during its existence is known as authorised capital. Nominal capital and registered capital are other names for authorised capital.

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