Previous Years' Paper

Common University Entrance Test for UG Programmes

CUET-UG - Accountancy

Entrance Exam, 2025

(After the list of questions, the solution will Start.)

Q.1. Which of the following indicate limitation of Financial analysis:

1. They focus on the facts and relationships related to managerial performance, corporate efficiency etc.

2. Thex does pot copsider price level changes

3. They indicate the ability of the company to meet its obligations.

4. They provide vital information to different stakeholders.

Q.2. G.S. Rai company ltd. purchased assets of the book value of Rs. 98,000 from another firm. It was agreed that purchase consideration be paid by issuing 11% debentures of Rs. 100 each. Assume debentures have been issued at discount of 20%

Identify the number of debentures issued by the company to the vendor

1. 1100 debentures

2. 12oo debentures

3. 1225 debentures

4. 1960 debentures

Q.3. X Ltd., has a current ratio of 3:1 and quick ratio of 2:1. If excess of current assets over quick assets, represented by inventories is Rs. 5,000, calculate current assets and quick assets.

1. Rs. 15000; Rs. 10000

2. Rs. 15000: Rs. 14000

3. Rs. 10,000; Rs. 15000

4. Rs. 15000; Rs. 18000

Q.4. A, B and C are partners in a firm. If D is admitted as a new partner, what will be its affect?

1. Old firm is dissolved

2. Old firm and old partnership is dissolved

3. Old partnership is reconstituted

4. Firm will lose its existence

Q.5. The director of Priya polymer Limited resolved that 200 equity shares of Rs. 100 each be forfeited for non-payment of the second and final call of Rs. 30 per share. Out of these, 150 shares were re-issued at Rs. 60 per share to Monit. The amount of capital reserve will be:

1. Rs. 4000

2. Rs. 4500

3. Rs. 5500

4. Rs. 5000

Q.6. A business has earned average profits of Rs. 1,00,000 during the last few years and the normal rate of return in a similar business is 25%. Ascertain the value of goodwill by capitalisation of average profits method, given that the value of net assets of the business is Rs. 3.20.000.

1. Rs. 80,000

2. Rs. 2,40,000

3. Rs. 4,00,000

4. Rs. 2,60,000

Q.7. Rana, Sana and Kamana are partners, sharing profits in the ratio 4:3:2. Rana retires; Sana and Kamana decided to share profits in the future in the ratio of 5:3. The Gaining Ratio of Sana and Kamana will be

1. 21:11

2. 11:21

3. 11:22

4. 12:21

Q.8. The following journal entry appears in the books of X Co. Ltd.

Bank A/c Dr. 4,75,000

Loss on issue of debenture A/c 75,000

To 12% Debentures A/c Dr. 5,00,000

To Premium on Redemption of Debenture A/c 50,000

In this case the debentures have been issued at a discount of 5%. What is the rate of premium on redemption of debentures ?

1. 5%

2. 15%

3. 20%

4. 10%

Q.9. Stock at the time of dissolution was appearing in books at Rs 50,000. Half of the stock was sold at a discount of 20% and the remaining was taken over by one of the partners at a 10% discount. What amount was received in cash at the time of realization of stock.

1. Rs. 25,000

2. Rs. 42,500

3. Rs. 20,000

4. Rs. 45000

Q.10. Hemant and Naman are partners in a firm sharing profits in the ratio of 3:2. Their capitals were Rs. 80,000 and Rs. 50,000 respectively. They admitted Samrat on Jan. 1, 2025 as a new partner for 1/5 share in the future profits.

Samrat brought Rs. 60.000 as his capital. Calculate the yalue of goodwill of the firm ?

1. Rs. 1,20,000

2. Rs. 1,10,000

3. Rs. 1,30,000

4. Rs. 1,40,000

Q.11. The common size statements are useful, both, in intra-firm comparisons over different years and also in making interfirm comparisons for several years. This analysis is also known as

1. 'Vertical analysis'

2. 'Ratio analysis

3. 'Trend analysis'

4. 'Horizontal analysis'

Q.12. The need for Codification is :

1. The Encryption of data

2. The Generation of mnemonic code

3. To secure the accounts, reports etc

4. Easy to process data, keeping proper records

Q.13. Which analysis is a judgemental process which aims to estimate current and past financial positions and the results of the operation of an enterprise, with primary objective of determining the best possible estimates and predictions about the future conditions?

1. Cash flow Analysis

2. Trend Analysis

3. Ratio Analysis

4. Financial statement analysis

Q.14. Where is the address of the active cell displayed?

1. Row heading

2. Status bar

3. Name Box

4. Formula bar

Q.15. From the following details, calculate net profit before tax:

Net Profit after tax is Rs. 50,000;

15% Long-term debt 12,00,000;

Tax rate 20%.

1. 1,80,000

2. 1,50,000

3. 62,500

4. 72,500

Q.16. A trader carries an average inventory of Rs. 40,000. His inventory turnover ratio is 8 times. If he sells goods ata profit of 20% on Revenue from operations, find out the gross profit.

1. Rs. 60.000

2. Rs. 70,000

3. Rs. 90,000

4. Rs. 80,000

Q.17. Gross profit ratio of a company was 25%. Its credit revenue from operations was Rs. 20,00,000 and its cash revenue from operations was 20% of the total revenue from operations. If the indirect expenses of the company were Rs. 50.000, Calculate its net profit.

1. 5,00,000

2. 6,25,000

3. 6,00,000

4. 5,75,000

Q.18. Asha, Deepa and Lata are partners in a firm sharing profits in the ratio of 3:2: 1. Deepa retires. After making all adjustments relating to revaluation, goodwill, Payment to Deepa and accumulated profit etc., the capital accounts of Asha and Lata showed a credit balance of Rs. 1.60.000 and Rs. 80.000 respectively. It was decided to adiust the capitals of Asha and Lata in their new profit sharing ratio. You are required to calculate the new capitals of the partners i.e Asha and Lata.

1. Rs.1,80,000 & Rs.1,70,000

2. Rs.1,80,000 & Rs.60,000

3. Rs. 60,000 & Rs.1,60,000

4. Rs.1,60,000 & Rs. 80,000

Q.19. A and B are partners sharing profits in the ratio of 2:1. C is admitted into the firm for 1/4 share of profits. C brings in Rs. 20,000 in respect of his capital. The capitals of old partners A and B, after all adjustments relating to goodwill, revaluation of assets and liabilities, etc, are Rs. 45.000 and Rs, 15.000 respectively, It is agreed that partners' capitals should be according to the new profit sharing ratio. Determine the new profit sharing ratio

1. 6:3:2

2. 2:1:1

3. 2:1:2

4. 1:2:1

Q.20. According to which section of the partnership Act 1932, the dissolution of a partnership between all the partners of a firm is called the dissolution of the firm?

1. Section 32

2. Section 35

3. Section 37

4. Section 39

Q.21. Which of the following is correct? The important provision affecting partnership accounting, in the absence of a partnership deed is:

1. Profit Sharing Ratio: If the partnership deed is silent about the profit sharing ratio, the profits and losses of the firm are to be shared by partners in their capital ratio.

2. Interest on Capital: Partner is entitled to claim higher interest on the amount of capital contributed by him in the firm as a matter of riigh.

3. Interest on Drawings: No interest is to be charged on the drawings made by the partners, if there is no mention in the Deed.

4. Interest on Loan: If any partner has advanced loan to the firm for the purpose of business, he/she shall be entitled to get ap interest on the loan amount at the rate of 16 per cept per annum

Q.22. If a company issue Rs. 1,00,000, 9% debentures of Rs. 100 each at discount of 5% but redeemable at premium of 5% then what amount will be debited to Loss on Issue of Debentures Account?

1. Rs.5,000

2. Rs.10,000

3. Rs.15,000

4. Rs.20,000

Q.23. Debenture Application & Allotment A/c Dr. 95,000

Loss on Issue of Debentures A/c Dr. 10,000

To 9% Debenture A/c 1,00,000

To Premium on Redemption of Debentures A/c 5,000

On the basis of the above entry, determine the rate of discount at which Rs. 1,00,000, 9% debentures of Rs. 100 each were issued if they were to be redeemed at a premium of 5%.

1. 5%

2. 10%

3. 15%

4. 20%

Q.24. Which of the following is not the main factors affecting the value of Goodwill?

1. Nature of Business

2. Location

3. Market situation

4. Efficiency of Management of non-competitive firms

Q.25. Dividend paid by a company to its shareholder is classified as which type of activity under cash flow statment?

1. Cash flow from operating activities

2. Casn flow from investing activities

3. Cash flow from financing activities

4. Cash flow from extraordinary activities

Q.26. The sum due to the retiring partner includes:

(A) His share of profits up to the date of retirement.

(B) His share of goodwill;

(C) His share of accumulated profits;

(D) His share in the gain of revaluation of assets and liabilities;

Choose the correct answer from the options given below:

1. (A), (B) and (D) only

2. (A), (B) and (C) only

3. (A), (B), (C) and (D)

4. (B), (C) and (D) only

Q.27. Various accounting aspects involved on death of a partner are as follows:

(A) Adjustment in respect of unrecorded assets and liabilities

(B) Treatment of goodwill

(C) Preparation of Realization A/C

(D) Preparation of Executor's loan A/c

Choose the correct answer from the options given below:

1. (A), (B) and (C) only

2. (A), (B) and (D) only

3. (A), (B), (C) and (D)

4. (B), (C) and (D) only

Q.28. Minimum subscription is the minimum amount that, in the opinion of directors, must be raised to meet the needs of business operations of the company relating to:

(A) The price of any property purchased, or to be purchased, which has to be met wholly or partly out of the proceeds of issue;

(B) Preliminary expenses payable by the company and any commission payable in connection with the issue of shares;

(C) Working capital;

(D) Any other expenditure required for the usual conduct of business operations

Choose the correct answer from the options given below:

1. (A), (B) and (D) only

2. (A), (B) and (C) only

3. (A), (B), (C) and (D)

4. (B), (C) and (D) only

Q.29. While issuing the share capital for public subscription where there is no articles of association of its own, the following provisions of Table A will apply:

(A) A period of one month must elapse between two calls.

(B) The amount of call should not exceed 25% of the face value of the share.

(C) A minimum of 7 days' notice is qiven to the shareholders to pay the amount.

(D) Calls must be made on a uniform basis on all shares within the same class.

Choose the correct answer from the options given below:

1. (A), (B) and (C) only

2. (A), (B) and (D) only

3. (A), (B), (C) and (D)

4. (B), (C) and (D) only

Q.30. Securities Premium Account can be used only for the following purposes:

(A) To issue partly paid bonus shares to the extent not exceeding unissued share capital of the company;

(B). Buy back of own shares.

(C). To write-off the expenses of, or commission paid, or discount allowed on any securities of the company;

(D). To pay premium on the redemption of preference shares or debentures of the company.

Choose the correct answer from the options given below:

1. (A), (B) and (D) only

2. (A), (B) and (C) only

3. (A), (B), (C) and (D)

4. (B), (C) and (D) only

Q.31. Match List-I with List-II

List-I	**List-II**
Accounting ratio	**Type of accounting ratio**
(A) Current ratio	(I) Liquidity ratios
(B) Stock turnover ratio	(II) Activity ratios
(C) Debt Equity ratio	(III) Solvency ratios
(D) Operating ratio	(IV) Profitability ratios

Choose the correct answer from the options given below:

1. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)

2. (A) - (I), (B) - (III), (C) - (II), (D) - (IV)

3. (A) - (I), (B) - (II), (C) - (IV), (D) - (III)

4. (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Q.32. Match List-I with List-II

List-I	**List-II**
(A) Reserves and Surplus	(I) Share Options Outstanding Account
(B) Non-current Liabilities	(II) Long term provisions
(C) Current Liabilities	(III) Short-term borrowing
(D) Shareholder's Fund	(IV) Calls in arrear

Choose the correct answer from the options given below:

1. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)

2. (A) - (I), (B) - (III), (C) - (II), (D) - (IV)

3. (A) - (I), (B) - (II), (C) - (IV), (D) - (III)

4. (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Q.33. Match List-I with List-II

List-I	List-II
(A) Cash Outflows from financing activities	(I) Redemption of debentures
(B) Cash Inflows from operating activities	(II) Current Investment
(C) Cash and cash equivalents	(III) Cash from royalties, fees, commissions and other revenues
(D) Cash Inflows from investing activities	(IV) Cash receipt from disposal of fixed assets including intangibles

Choose the correct answer from the options given below:

1. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)

2. (A) - (I), (B) - (III), (C) - (II), (D) - (IV)

3. (A) - (I), (B) - (II), (C) - (IV), (D) - (III)

1. (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Q.34. Match List-I with List-II

List-I	List-II
(A) Compulsory Dissolution	(I) Partner becomes insane
(B) Dissolution by notice	(II) Death of a partner
(C) Dissolution by Court	(III) Business become illegal
(D) Dissolution on certain contingencies	(IV) Partnership at will

Choose the correct answer from the options given below:

1. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)

2. (A) - (I), (B) - (III), (C) - (II), (D) - (IV)

3. (A) - (I), (B) - (II), (C) - (IV), (D) - (III)

4. (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Q.35. Match List-I with List-II

List-I	List-II
(A) Payment of loans due to partners	(I) Realisation A/c Dr To Bank A/c
(B) For settlement of partners' accounts, in case their capital account shows a debit balance	(II) Bank A/c Dr. To loan to partners A/c
(C) For settlement of loan by a firm to a partner	(III) Bank A/c Dr. To Partner's Capital A/c
(D) For settlement of any unrecorded liability	(IV) Partner's Loan A/c Dr. To Bank A/c

Choose the correct answer from the options given below:

1. (A) - (IV), (B) - (III), (C) - (II), (D) - (I)

2. (A) - (IV), (B) - (II), (C) - (III), (D) - (I)

3. (A) - (III), (B) - (II), (C) - (IV), (D) - (I)

4. (A) - (III), (B) - (IV), (C) - (1), (D) - (II)

Q.36. Arrange the following in the sequence in which they shall be applied in payment at the time of dissolution of a firm:

(A) The debts of the firm to the third parties.

(B) Partner proportionately what is due to him/her from the firm for advances as distinguished from capital (i.e. partner's loan).

(C) Each partner proportionately what is due to him on account of capital.

(D) Divided among the partners in their profit sharing ratio.

Choose the correct answer from the options given below:

1. (A), (B), (C), (D)

2. (B), (C), (D), (A)

3. (A), (D), (C), (B)

4. (D), (B), (C), (A)

Q.37. Arrange the following regarding admission procedure in the correct sequence.

(A) Giving share to the new partner.

(B) Treatment of Goodwill

(C) Calculating new profit sharing ratio & sacrificing ratio

(D) Preparation of Revaluation A/c

(E) Preparing Partner's Capital A/c and Balance Sheet

Choose the correct answer from the options given below:

1. (A), (B), (C), (D), (E)

2. (A), (C), (B), (D), (E)

3. (A), (D), (C), (B), (E)

4. (A), (B), (C), (E), (D)

Q.38. Arrange the following in a sequence, in which they will be utilize for the payment of losses:

(A) Out of capital of partners.

(B) Out of profits.

(C) By the partners individually in their profit sharing ratio.

Choose the correct answer from the options given below:

1. (A), (B), (C)

2. (A), (C), (B)

3. (B), (A), (C)

4. (B), (C), (A)

Q.39. The important steps in the procedure of share issue are:

(A) The company issues the prospectus to the public.

(B) The company has to get minimum subscription within 120 days from the date of the issue of the prospectus.

(C) The prospective investors intending to subscribe the share capital of the company would make an application along with the application money

(D) Letters of allotment are sent to those whom the shares have been alloted, and letters of regret to those to whom no allotment has been made.

Choose the correct sequence of steps from the options given below:

1. (A), (B), (C), (D)

2. (A), (C), (B), (D)

3. (B), (A), (D), (C)

4. (C), (B), (D), (A)

Q.40. The steps involved in calculation of Goodwill under Super Profit method are:

(A) Calculate the super profits by deducting normal profit from the average profits,

(B) Calculate the normal profit on the firm's capital on the basis of the normal rate of return,

(C) Calculate the average profit,

(D) Calculate goodwill by multiplying the super profits by the given number of years' purchase.

Choose the correct sequence of steps from the options given below:

1. (A), (B), (C), (D)

2. (A), (C), (B), (D)

3. (C), (B), (A), (D)

4. (C), (B), (D), (A)

Read the following passage and answer the questions

A Solid Partnership

A, V and T were partners of a law firm sharing profits in the ratio of 5:3:2. Their partnership deed provided the following:

(i) Interest on partners' capital @ 5% p.a.

(ii) A guaranteed that he would earn a minimum annual fee of Rs. 6,00,000 for the firm.

(iii) T was guaranteed a profit of Rs. 2,50,000 (excluding interest on capital) and any deficiency on account of this was to be borne by A and V in the ratio of 2:3.

During the year ending March 31, 2019, A earned a fee of Rs. 3,20,000 and net profits earned by the firm were Rs. 8,60,000. Partner's capital on April 01, 2018 were A - Rs. 3,00,000; V - Rs. 3,00,000 and T- Rs. 2,00,000.

Q.41. What is the amount of A's deficiency of annual fee?

1. Rs. 2,80,000

2. Rs. 1,80,000

3. Rs. 3,80,000

4. Rs. 4,80,000

Q.42. What is the amount of T's deficiency in profits?

1. Rs. 20,000

2. Rs. 30,000

3. Rs. 40,000

4. Rs. 57,000

Q.43. In which ratio the deficiency of T will be borne by A & V.

1. 5:3

2. 2:3

3. 2:4

4. 2:1

Q.44. What is the amount of profit to be credited to A's Capital account?

1. Rs.5,28,000

2. Rs.5,30,000

3. Rs.5,35,000

4. Rs.5,38,000

Q.45. What is the amount of profit to be credited to V's Capital account?

1. Rs.3,10,000

2. Rs.3,11,000

3. Rs.3,12,000

4. Rs.3,13,000

Read the following passage and answer the questions

On January 1, 2024, the Director of X Ltd. issued for public subscription 50,000 equity shares of Rs. 10 each at Rs. 12 per share payable, Rs. 5 on application (including premium), Rs. 4 on allotment and the balance on call on May 01, 2024. The issue was closed on February 10, 2024 by which date applications for 70,000 shares were received. Of the cash received Rs. 40,000 was returned and Rs.60,000 was applied to the amount due on allotment, the balance of which was paid on February 16, 2024. All the shareholders paid the call due on May 01, 2024 with the exception of an allottee of 500 shares. These shares were forfeited on September 29, 2024 and reissued as fully paid at Rs. 8 per share on November 01, 2024. The company, as a matter of policy, does not maintain a calls-in-arrears account.

Q.46. What amount will be credited to Equity Share Application Account on February 10, 2024?

1. Rs. 2,50,000

2. Rs. 3,00,000

3. Rs. 3,50,000

4. Rs. 450000

Q.47. What is the amount of excess application money credited to share allotment and money refunded on rejected

application in totality?

1. Rs. 40,000

2. Rs. 60,000

3. Rs. 1,00,000

4. Rs. 1,20,000

Q.48. On Forfieture of 500 shares for non-payment of call money, what amount will be credited to Shares Forfeiture Account ?

1. Rs. 2500

2. Rs. 3500

3. Rs. 4500

4. Rs. 1500

Q.49. On Forfieture of 500 shares for non-payment of call money, what amount will be credited to Shares Forfeiture Account ?

1. Rs. 2500

2. Rs. 3500

3. Rs. 4500

4. Rs. 1500

Q.50. What is the amount of Profit on reissue of Forfeited Shares Accounts transferred to capital reserve?

1. Rs. 500

2. Rs. 1000

3. Rs. 2000

4. Rs. 2500

Solution

Q.1.

Answer: (2) They do not consider price level changes.

Financial analysis is based on historical cost data and does not adjust figures for changes in price levels or inflation. Therefore, the real value of assets, liabilities, and profits may be distorted over time. This makes "They do not consider price level changes" a limitation of financial analysis.

Q.2.

Answer: (3) 1225 debentures

Book value of assets purchased = ₹98,000
Debentures issued at 20% discount → Issue price per debenture = ₹100 − 20% of ₹100 = ₹80

Company will issue debentures worth ₹98,000 at ₹80 each.
Number of debentures = ₹98,000 ÷ ₹80 = **1,225 debentures**

Hence, the company issued **1,225 debentures** to the vendor.

Q.3.

Answer: (1) ₹15,000; ₹10,000

Let current liabilities = ₹x

Then,
Current ratio = 3 : 1 ⇒ Current Assets = 3x
Quick ratio = 2 : 1 ⇒ Quick Assets = 2x

Excess of current assets over quick assets = Inventories = ₹5,000
⇒ (3x − 2x) = ₹5,000
⇒ x = ₹5,000

Therefore,
Current Assets = 3x = ₹15,000
Quick Assets = 2x = ₹10,000

Q.4.

Answer: (3) Old partnership is reconstituted

When a new partner (D) is admitted into a firm, the **old partnership agreement** comes to an end, and a **new partnership agreement** is formed among all partners (A, B, C, and D). However, the **firm continues to exist** — only its constitution (ownership structure) changes.

Thus, the **old partnership is reconstituted**, not dissolved.

Q.5.

Answer: (1) ₹4,000

Face value of each share = ₹100
Unpaid amount (Second & Final Call) = ₹30 → Amount received per forfeited share = ₹70
Total shares forfeited = 200 → Forfeited amount = 200 × ₹70 = ₹14,000

150 shares reissued at ₹60 → Reissue amount = 150 × ₹60 = ₹9,000
Nominal value = 150 × ₹100 = ₹15,000 → Loss on reissue = ₹15,000 − ₹9,000 = ₹6,000
Forfeited amount for 150 shares = 150 × ₹70 = ₹10,500

Capital Reserve = ₹10,500 − ₹6,000 = **₹4,500**

Q.6.

Answer: (1) ₹80,000

Average Profit = ₹1,00,000
Normal Rate of Return = 25%
Net Assets = ₹3,20,000

Capitalised Value of Business = (Average Profit × 100) / Normal Rate of Return
= (₹1,00,000 × 100) / 25 = ₹4,00,000

Goodwill = Capitalised Value − Net Assets
= ₹4,00,000 − ₹3,20,000 = **₹80,000**

Q.7.

Answer: (1) 21 : 11

Old ratio (Rana, Sana, Kamana) = 4 : 3 : 2 → Sana = 3/9, Kamana = 2/9
New ratio (Sana : Kamana) = 5 : 3 → Sana = 5/8, Kamana = 3/8
Gaining Ratio = New Share − Old Share
Sana = 5/8 − 3/9 = 21/72
Kamana = 3/8 − 2/9 = 11/72
Gaining Ratio = **21 : 11**

Q.8.

Answer: (4) 10%

Face value of debentures = ₹100 each
Issued at 5% discount → Issue price = ₹95 per debenture
Premium on redemption = ₹50,000 on ₹5,00,000 debentures

Rate of premium = (50,000 ÷ 5,00,000) × 100 = 10%

Therefore, the rate of premium on redemption = **10%**

Q.9.

Answer: (3) ₹20,000.

Total stock = ₹50,000 → Half of it = ₹25,000 sold at 20% discount → Cash received = ₹25,000 − ₹5,000 = ₹20,000.
Remaining half = ₹25,000 taken over by partner at 10% discount → Value = ₹25,000 − ₹2,500 = ₹22,500.
Hence, cash received at the time of realization of stock = **₹20,000**.

Q.10.

Answer: (2) ₹1,10,000

Explanation (concise format):

Hemant and Naman's capitals = ₹80,000 + ₹50,000 = ₹1,30,000
Samrat's capital = ₹60,000 for a **1/5** share in profits

👉 **Implied Total Capital** = Samrat's capital ÷ Samrat's share
= ₹60,000 ÷ (1/5) = ₹3,00,000

👉 **Actual Total Capital after Admission** = ₹80,000 + ₹50,000 + ₹60,000 = ₹1,90,000

Therefore,
Goodwill of the Firm = ₹3,00,000 − ₹1,90,000 = **₹1,10,000**

Q.11.

Answer: (1) Vertical Analysis

Common-size statements show each item of a financial statement (like Balance Sheet or Profit & Loss Account) **as a percentage of a common base item** —

- For Balance Sheet → total assets or total liabilities = 100%
- For Income Statement → net sales = 100%

This helps compare the **proportion** of each item:

- **Within the same firm** over different years (intra-firm comparison)
- **Between different firms** in the same industry (inter-firm comparison)

Since this analysis studies the **relative size** (vertical proportion) of items in a single statement, it is called **Vertical Analysis**.

Q.12.

Answer: 4. Easy to process data, keeping proper records

Codification in accounting means assigning codes or symbols to different accounts or items to make **recording, classification, and retrieval of data easier**.
It helps in **systematic record-keeping**, **quick data processing**, and **avoiding confusion** in large organizations.

Hence, the **need for codification** is for **easy data processing and maintaining proper records — Option 4**.

Q.13.

Answer: 4. Financial Statement Analysis

Financial statement analysis is a **judgemental and interpretative process** used to study and evaluate the **financial position, performance, and profitability** of a business using its financial statements.
The main aim is to make **estimates and predictions about future financial conditions**, based on **past and present data.**

Hence, the correct answer is **Financial Statement Analysis**.

Q.14.

Answer: 3. Name Box

In spreadsheet software like **MS Excel**, the **address of the active cell** (for example, A1, B3, C5) is displayed in the **Name Box**, which is located on the **left side of the formula bar**.

Hence, the correct answer is **Name Box.**

Q.15.

Answer: 3. ₹62,500

Given:

- Net Profit after tax = ₹50,000
- Tax rate = 20%

Formula:

Net Profit after tax=Net Profit before tax×(1−Tax rate)Net Profit after tax=Net Profit before tax×(1−Tax rate)

Substitute the values:

$$50,000 = \text{NPBT} \times (1 - 0.20)$$

$$50,000 = \text{NPBT} \times 0.8$$

$$\text{NPBT} = \frac{50,000}{0.8} = ₹62,500$$

✅ **Net Profit before tax = ₹62,500 (Option 3)**

Q.16.

Answer: 4. — ₹80,000

Average inventory = ₹40,000, Inventory turnover ratio = 8
→ Cost of goods sold = 8 × 40,000 = ₹3,20,000
Profit = 20% on sales ⇒ COGS = 80% of sales
→ Sales = ₹3,20,000 ÷ 0.8 = ₹4,00,000
→ Gross Profit = ₹4,00,000 − ₹3,20,000 = **₹80,000**

Q.17.

Answer: 4. ₹5,75,000

Total Revenue = Credit Revenue + Cash Revenue
Credit Revenue = ₹20,00,000 (which is 80% of total)
→ Total Revenue = ₹20,00,000 ÷ 0.8 = ₹25,00,000

Gross Profit = 25% of ₹25,00,000 = ₹6,25,000
Indirect Expenses = ₹50,000
→ Net Profit = ₹6,25,000 − ₹50,000 = **₹5,75,000**

Q.18.

Answer: 2. ₹1,80,000 & ₹60,000

Old profit-sharing ratio (Asha : Deepa : Lata) = 3 : 2 : 1
Deepa retires → New ratio of Asha and Lata = 3 : 1

After all adjustments:
Asha's capital = ₹1,60,000
Lata's capital = ₹80,000
Total capital = ₹2,40,000

To adjust in new ratio 3 : 1
→ Total capital = ₹2,40,000
→ Asha's new capital = 3/4 × 2,40,000 = ₹1,80,000
→ Lata's new capital = 1/4 × 2,40,000 = ₹60,000

✅ **New Capitals:**
Asha = ₹1,80,000
Lata = ₹60,000

Q.19.

Answer: 1. 6 : 3 : 2

Old profit-sharing ratio (A : B) = 2 : 1
C is admitted for **1/4 share**, so remaining share for A and B = 1 − 1/4 = 3/4.
A and B will share this 3/4 in their old ratio of 2 : 1.

→ A's new share = (2/3) × (3/4) = 6/12
→ B's new share = (1/3) × (3/4) = 3/12
→ C's share = 1/4 = 3/12

Now the new ratio (A: B: C) = 6: 3: 3 → simplify by dividing by 1.5 gives **6: 3: 2**

✅ **New Profit-Sharing Ratio = 6: 3: 2**

Q.20.

Answer: 4. Section 39

According to **Section 39 of the Indian Partnership Act, 1932**,
"The dissolution of partnership between all the partners of a firm is called the dissolution of the firm."

Hence, the correct answer is **Section 39**.

Q.21.

Answer: 3. No interest is to be charged on the drawings made by the partners, if there is no mention in the Deed.

According to the **Indian Partnership Act, 1932**, in the **absence of a partnership deed**:

- **Profit sharing ratio:** Equal among partners, not in capital ratio.
- **Interest on capital:** Not allowed unless agreed upon.
- **Interest on drawings:** Not charged unless agreed upon.
- **Interest on loan by a partner:** Allowed at **6% per annum**, not 16%.

Q.22.

Answer: 2. ₹10,000

Face Value of Debentures = ₹1,00,000
Discount on Issue (5%) = ₹5,000
Premium on Redemption (5%) = ₹5,000

Total Loss on Issue of Debentures
= Discount on Issue + Premium on Redemption
= ₹5,000 + ₹5,000 = **₹10,000**

Q.23.

Answer: 1 — 5%

From the entry, **Loss on Issue of Debentures = ₹10,000** includes **Discount on Issue + Premium on Redemption**.
Given **Premium on Redemption = ₹5,000**, so **Discount on Issue = ₹10,000 − ₹5,000 = ₹5,000**.
On face value ₹1,00,000, discount ₹5,000 ⇒ **5%.**

Q.24.

Answer: 4. Efficiency of Management of non-competitive firms

The **main factors affecting the value of goodwill** include —

- **Nature of business** (stable demand, high profit = higher goodwill)
- **Location** (better location = more customers = higher goodwill)
- **Market situation** (favourable market conditions increase goodwill)

But **efficiency of management of non-competitive firms** is **not** a factor that affects a company's goodwill directly.

Q.25.

Answer: 3. Cash flow from financing activities

Dividend paid represents a **return to shareholders** for the capital they have invested in the company.
According to **AS-3 (Revised) — Cash Flow Statement**, such payments are treated as **cash outflows from financing activities**, since they relate to the company's capital structure.

Q.26.

Answer: 3. (A), (B), (C) and (D)

The **amount due to a retiring partner** includes all sums that represent his rights and interests in the firm up to the date of retirement, such as:

- (A) **His share of profits** till the retirement date,
- (B) **His share of goodwill**,
- (C) **His share of accumulated profits/reserves**,
- (D) **His share in revaluation gains or losses** on assets and liabilities.

Q.27.

Answer: 2. (A), (B) and (D) only

On the **death of a partner**, the firm continues (it is **not dissolved**), so a **Realisation Account** is **not prepared**.
The important accounting aspects include:

- (A) Adjustment of **unrecorded assets and liabilities**
- (B) **Treatment of goodwill**
- (D) Preparation of the **Executor's Loan Account** to settle the amount due to the deceased partner's estate

Q.28.

Answer: 3. (A), (B), (C) and (D)

Minimum Subscription is the minimum amount that must be raised from the issue of shares to meet the essential financial requirements of a company before it can commence business.
It includes funds required for:

- (A) Purchase of property or assets,
- (B) Payment of preliminary expenses and commission,
- (C) Working capital needs, and
- (D) Other necessary business expenditures.

Q.29.

Answer: 3. (A), (B), (C) and (D)

According to the provisions of **Table A of the Companies Act**, when a company **does not have its own Articles of Association**, the following rules apply regarding **calls on shares**:

- (A) **At least one month** must elapse between two calls.
- (B) **Each call** must not exceed **25% of the nominal (face) value** of the share.
- (C) **A minimum of 7 days' notice** must be given to shareholders to pay the call amount.
- (D) Calls must be made on a **uniform basis** for all shares of the same class.

Q.30.

Answer: 3. (A), (B), (C) and (D)

As per **Section 52(2) of the Companies Act, 2013**, the **Securities Premium Account** can be utilized only for the following purposes:

(A) **Issuing fully paid bonus shares** to shareholders.
(B) **Buy-back of own shares** as per Section 68.
(C) **Writing off expenses or commission or discount** on issue of shares or debentures.
(D) **Paying premium** on redemption of preference shares or debentures.

Q.31.

Answer: 1. (A)-(I), (B)-(II), (C)-(III), (D)-(IV)

Correct Matching:

- (A) **Current Ratio** → (I) **Liquidity Ratio**
- (B) **Stock Turnover Ratio** → (II) **Activity Ratio**
- (C) **Debt-Equity Ratio** → (III) **Solvency Ratio**
- (D) **Operating Ratio** → (IV) **Profitability Ratio**

Q.32.

Answer: 1. — (A)-(I), (B)-(II), (C)-(III), (D)-(IV)

Correct Matching:

- **(A) Reserves and Surplus →** (I) Share Options Outstanding Account
- **(B) Non-current Liabilities →** (II) Long-term Provisions
- **(C) Current Liabilities →** (III) Short-term Borrowing
- **(D) Shareholder's Fund →** (IV) Calls in Arrear

Q.33.

Answer: 2. (A)-(I), (B)-(III), (C)-(II), (D)-(IV)

- (A) Cash outflows from financing → **Redemption of debentures (I)**
- (B) Cash inflows from operating → **Royalties/fees/commissions (III)**
- (C) Cash & cash equivalents → **Current investments (II)** (short-term, highly liquid)
- (D) Cash inflows from investing → **Sale of fixed/intangible assets (IV)**

Q.34.

Answer: 4. (A)-(III), (B)-(IV), (C)-(I), (D)-(II)

- (A) **Compulsory Dissolution** → (III) **Business becomes illegal**
- (B) **Dissolution by Notice** → (IV) **Partnership at will**
- (C) **Dissolution by Court** → (I) **Partner becomes insane**
- (D) **Dissolution on Certain Contingencies** → (II) **Death of a partner**

Q.35.

Answer: 1. (A)-(IV), (B)-(III), (C)-(II), (D)-(I)

- (A) **Payment of loans due to partners** → (IV) Partner's Loan A/c Dr. To Bank A/c
- (B) **Settlement of partners' accounts (debit balance)** → (III) Bank A/c Dr. To Partner's Capital A/c
- (C) **Settlement of loan by firm to a partner** → (II) Bank A/c Dr. To Loan to Partners A/c
- (D) **Settlement of any unrecorded liability** → (I) Realisation A/c Dr. To Bank A/c

Q.36.

Answer: 1. (A), (B), (C), (D)

Correct Sequence (as per Section 48 of the Indian Partnership Act, 1932):

1. **(A)** Debts of the firm to **third parties** are paid first.

2. **(B)** Then pay **partners' loans or advances** to the firm.
3. **(C)** Next, settle **partners' capital accounts**.
4. **(D)** Finally, distribute any **remaining surplus** among partners in their **profit-sharing ratio**.

Q.37.

Answer: 2. (A), (C), (B), (D), (E)

Correct Sequence (Admission of a New Partner):

1. **(A)** Giving share to the new partner (deciding the share of profit to be admitted).
2. **(C)** Calculating the **new profit-sharing ratio** and **sacrificing ratio** of old partners.
3. **(B)** Treatment of **goodwill** (adjustment among old and new partners).
4. **(D)** Preparation of **Revaluation Account** (to adjust assets and liabilities).
5. **(E)** Preparing **Partners' Capital Accounts** and the **new Balance Sheet** of the reconstituted firm.

Q.38.

Answer: 3. (B), (A), (C)

As per **Section 48 of the Indian Partnership Act, 1932**, **losses of the firm** (including deficiencies of capital) are to be paid in the following order:

1. **(B)** First, out of **profits** (if any).
2. **(A)** Then, out of the **capital of partners**.
3. **(C)** Lastly, if still unpaid, by the **partners individually** in their **profit-sharing ratio**.

Q.39.

Answer: 2. (A), (C), (B), (D)

Correct Sequence of Steps in Issue of Shares:

1. **(A)** The company first **issues a prospectus** to invite the public to subscribe for shares.
2. **(C)** Interested investors **apply for shares** by submitting applications with application money.
3. **(B)** The company must receive the **minimum subscription** within 120 days of issuing the prospectus.
4. **(D)** After receiving applications, **letters of allotment** are sent to successful applicants and **letters of regret** to those not allotted shares.

Q.40.

Answer: 3. (C), (B), (A), (D)

Correct Sequence (Super Profit Method):

1. **(C)** Calculate the **average profit** of the firm (based on past years).
2. **(B)** Calculate the **normal profit** using the firm's capital × normal rate of return.
3. **(A)** Find the **super profit** = Average Profit − Normal Profit.
4. **(D)** Calculate **Goodwill** = Super Profit × Number of Years' Purchase.

Q.41.

Answer: 1: ₹2,80,000

A guaranteed fee ₹6,00,000; earned ₹3,20,000 → **deficiency = 6,00,000 − 3,20,000 = ₹2,80,000**.

Q.42.

Answer: 2: ₹30,000

Solution (concise): Adjusted firm profit = ₹8,60,000 + A's deficiency ₹2,80,000 = **₹11,40,000**.
Interest on capital (5%): A ₹15,000, V ₹15,000, T ₹10,000 → total **₹40,000**.
Profit for distribution = 11,40,000 − 40,000 = **₹11,00,000**.

Share in 5:3:2 → A ₹5,50,000; V ₹3,30,000; **T ₹2,20,000**.
T guaranteed **₹2,50,000 (excluding IOC)** → **deficiency = 30,000**.

Q.43.

Answer: (2) 2 : 3

Q.44.

Answer: 4: ₹5,38,000

A's share before guarantee = ₹5,50,000.
A bears 2/5 of T's deficiency (₹30,000) = **₹12,000**.
Profit credited to A = 5,50,000 − 12,000 = ₹5,38,000.

Q.45.

Answer: 3: ₹3,12,000

V's share before guarantee = ₹3,30,000.
V bears 3/5 of ₹30,000 = **₹18,000.**
Profit credited to V = 3,30,000 − 18,000 = ₹3,12,000.

Q.46.

Answer: 3: ₹3,50,000

Applications received for 70,000 shares @ ₹5 each → **70,000 × 5 = ₹3,50,000** credited to Share Application A/c.

Q.47.

Answer: 3: ₹1,00,000

Excess application money: **₹40,000 refunded + ₹60,000 adjusted to allotment = ₹1,00,000**.

Q.48.

Answer: 2: ₹3,500

500 shares forfeited for **non-payment of call (₹3)**; amounts received earlier per share = **₹3 (application to capital) + ₹4 (allotment) = ₹7**.
Share Forfeiture = **₹7 × 500 = ₹3,500.**

Q.49.

Answer: 2: ₹3,500

Q.50.

Answer: 4: ₹2,500

Reissued 500 shares @ ₹8 (face ₹10) → discount = **₹2 × 500 = ₹1,000** (debited from forfeiture).
Balance in forfeiture = **₹3,500 − ₹1,000 = ₹2,500** → transferred to **Capital Reserve**.