

# CUET UG (Accountancy) - 02 June 2025 Shift 2

## Question1

In the absence of partnership deed, interest on drawings is charged at.

1. 6% p.a.
2. Nil
3. At the prevailing market rate.
4. 6%p.m.

Options:

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: B**

**Solution:**

The correct answer is **2. Nil**.

According to the Indian Partnership Act, 1932, when the partnership deed is silent, no interest is to be charged on partners' drawings. In a partnership, the **partnership deed** usually specifies how interest on drawings (the money partners withdraw from the business for personal use) is to be charged. However, if there is **no partnership deed**, the law provides default rules under the Indian Partnership Act. According to these rules, **no interest is charged on drawings** unless specifically agreed upon by the partners. This means that in the absence of an agreement or deed, partners can withdraw money freely without paying any interest. 6% is charged on the interest on loan.

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## Question2

**Naveen, Suresh and Tarun are partners sharing profits and losses in the ratio of 5:3:2. Tarun retires from the firm and his share was taken over by Naveen and suresh in the ratio 2:1. In such a case, the new share of profit will be.**

- 1. 11:17**
- 2. 19:11**
- 3. 11:19**
- 4. 11:12**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: B**

**Solution:**

**The correct option is 2 and the answer is 19:11.**

= Naveen, Suresh, and Tarun are initially sharing profits and losses in the ratio of 5:3:2.

This means that out of every 10 parts of profit, Naveen gets 5, Suresh gets 3, and Tarun gets 2.

Now, Tarun is retiring, and his share of 2 parts will be distributed between Naveen and Suresh in the ratio of 2:1.

First, we calculate how much of Tarun's share each will take: the total of 2 parts will be split into 3 parts (2 + 1). Naveen will get  $\frac{2}{3}$  of 2, which is  $\frac{4}{3}$ , and Suresh will get  $\frac{1}{3}$  of 2, which is  $\frac{2}{3}$ .

Next, we add these portions to their original shares: Naveen's new share =  $5 + \frac{4}{3} = \frac{15}{3} + \frac{4}{3} = \frac{19}{3}$

Suresh's new share =  $3 + \frac{2}{3} = \frac{9}{3} + \frac{2}{3} = \frac{11}{3}$

So, the new profit-sharing ratio between Naveen and Suresh is 19:11.

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**Question3**

**When the capital accounts are fixed, additional capital introduced by the partner is.**

- 1. Credited to current account.**
- 2. Debited to current account.**
- 3. Credited to capital account.**
- 4. Debited to capital account.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: C**

**Solution:**

The correct answer is **3. Credited to Capital Account.**

Under the fixed capital method, the partner's capital balance stays constant except when there is an addition or withdrawal of capital. Hence, when a partner introduces extra capital, it's credited to their capital account. Option (1) is wrong because current account handles routine adjustments only. Option (2) and (4) are incorrect since capital is increased, not decreased, so it can't be debited.

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## **Question4**

**An unrecorded asset is taken over by a creditor in full settlement in such a case**

- 1. Realization account is debited.**
- 2. Realization account is credited.**
- 3. Creditors' account is debited.**
- 4. Not recorded anywhere.**

**Options:**

A. 1

B. 2

C. 3

D. 4

**Answer: D**

### **Solution:**

The correct answer is **4. Not recorded anywhere.**

When an unrecorded asset is taken over by a creditor, it means the firm uses that asset to settle the liability. Thus, the creditor's account is debited (liability decreases) and the realization account is credited (asset realized). Option (1) is wrong because realization account isn't debited here; option (2) alone is incomplete without creditor debit; and option (4) is incorrect because every settlement must be recorded in dissolution accounts.

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## **Question5**

**Securities premium can be utilized for**

**(A) Writing of preliminary expenses.**

**(B) Issue of bonus share.**

**(C) Payment of dividends.**

**(D) Buy back of shares.**

**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**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: A**

**Solution:**

The correct answer is **1. (A), (B), and (D) only.**

The Securities Premium Reserve can be used for issuing fully paid bonus shares, writing off preliminary expenses, and buying back shares.

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## **Question6**

**In the case of under subscription of shares.**

**1. Shares are allotted only when the company receives the subscription and application money on minimum**

**subscription as stated in the prospectus.**

**2. Shares are allotted to all applicants without considering anything.**

**3. All the issued shares are allotted to all applicants proportionally.**

**4. The Issue Is Closed And Application Money Is Refunded.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: A**

## **Solution:**

The correct answer is **1. Shares are allotted only when minimum subscription is received.**

A company can allot shares only if the minimum subscription (90% of issued capital) has been received.

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## **Question7**

**In the case of guarantee of profit, the sequence of Steps to be followed are.**

**(A) divide the profit in the given ratio.**

**(B) prepare profit and loss appropriation account as usual.**

**(C) deduct the deficiency from guaranteeing partner and add the same to guaranteed partner.**

**(D) find the deficiency.**

**Choose the correct answer from the options given below:**

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

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

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

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

**Options:**

A. 1

B. 2

C. 3

D. 4

**Answer: C**

**Solution:**

The correct answer is **3. (B), (A), (D), (C).**

This order ensures profit is accounted for, distributed, deficiency found, and then adjusted.

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## Question8

**Unrecorded Debtors, are realised at the time of dissolution of a Partnership Firm, will be shown in:**

- 1. Partners' Capital Account**
- 2. Credit of Realisation Account**
- 3. Debit of Bank Account**
- 4. Debit of Realisation Account**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: B**

**Solution:**

The correct answer is **(2).**

For realization of unrecorded assets, the entry is:

*Bank A/c Dr. To Realisation A/c.*

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## Question9

**R Ltd purchased a building from X Infra for Rs 6,00,000 and the payment is to be made by the issue of shares for Rs 100 each at a premium of 20%. Calculate the number of shares to be issued.**

- 1. 5000 shares**
- 2. 6000 shares**
- 3. 10000 shares**
- 4. 600000 shares**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: A**

**Solution:**

**The correct option is 1 and the answer is 5000 shares.**

Number of shares = Rs. 6,00,000 ÷ Rs. 120 = 5,000 shares.

= First, calculate the issue price of each share:  $\text{IssuePrice} = \text{FaceValue} + \text{Premium} = 100 + (20\% \text{ of } 100) = 100 + 20 = 120$

$\text{IssuePrice} = (\text{FaceValue} + \text{Premium}) = 100 + (20\% \text{ of } 100) = 100 + 20 = 120$

Next, calculate the number of shares to be issued:  $\text{Number of shares} = \frac{\text{Total Payment}}{\text{Issue Price per Share}} = \frac{6,00,000}{120} = 5000$

So, the company should issue 5000 shares.

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## **Question 10**

**A share of Rs.10. Issued at a premium of Rs.3. On which Rs.3 was payable on application and Rs.5 was payable on allotment including premium. A shareholder who had applied for 100 shares was Allotted Only 50 Shares and due to non payment of allotment his**

**shares were forfeited. In this case the amount to be debited to securities premium A/c on forfeiture of these shares are**

- 1. Rs.250.**
- 2. Rs.50.**
- 3. Rs.100.**
- 4. Rs.150.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: C**

**Solution:**

**The correct option is 3 and the answer is ₹100.**

The Securities Premium Reserve A/c is debited only with the premium not received on forfeited shares. He has given 300 rupees, from which 150 ( $50 \times 3$ ) is adjusted in application, and on allotment is he supposed to pay 250 rupees ( $50 \times 5$ ), so premium which is debited due to nonpayment will be  $250 - 150 = 100$

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## **Question11**

**Abhiram and Ragini are partners sharing profits in the ratio of 3:2. They admit Arun a new partner for 1/5th share in the future profits of the firm which he gets equally from Abhiram and Ragini. Calculate the new profit sharing ratio of Abhiram, Ragini and Arun.**

- 1. 5:2:3**
- 2. 5:3:2**
- 3. 2:3:5**
- 4. 4:3:3**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: B**

**Solution:**

The correct answer is **5:3:2**.

=Abhiram and Ragini are partners sharing profits in the ratio 3:2, which means for every 5 parts of profit, Abhiram gets 3 and Ragini gets 2. Now, Arun is being admitted for a  $\frac{1}{5}$ th share in the profits of the firm. The problem states that Arun's share is taken equally from Abhiram and Ragini. First, calculate how much share each existing partner gives to Arun. Since Arun's share is  $\frac{1}{5}$ , and it is taken equally, both Abhiram and Ragini will give  $\frac{1}{10}$  each (because  $\frac{1}{5} \div 2 = \frac{1}{10}$ ). Next, calculate the new shares of Abhiram and Ragini: Abhiram's new share =  $\frac{3}{5} - \frac{1}{10} = \frac{6}{10} - \frac{1}{10} = \frac{5}{10} = \frac{1}{2}$  Ragini's new share =  $\frac{2}{5} - \frac{1}{10} = \frac{4}{10} - \frac{1}{10} = \frac{3}{10}$  Arun's share is already given as  $\frac{1}{5} = \frac{2}{10}$ . Now, the new profit-sharing ratio of Abhiram, Ragini, and Arun is 5:3:2.

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## Question12

**Match List-I with List-II**

| List-I (Different accounts)               | List-II (Related transaction)     |
|-------------------------------------------|-----------------------------------|
| (A) Profit and Loss Account               | (I) Dissolution of Partnership    |
| (B) Profit and Loss Appropriation Account | (II) Dissolution of Firm          |
| (C) Revaluation Account                   | (III) Interest on Loan to Partner |
| (D) Realization Account                   | (IV) Transfer to Reserve          |

**Choose the correct answer from the options given below:**

1. (A) – (I), (B) – (II), (C) – (III), (D) – (IV)
2. (A) – (III), (B) – (II), (C) – (IV), (D) – (I)
3. (A) – (I), (B) – (II), (C) – (IV), (D) – (III)
4. (A) – (III), (B) – (IV), (C) – (I), (D) – (II)

**Options:**

A.

1

B.

2

C.

3

D.

4

**Answer: D**

### **Solution:**

The correct answer is **4. (A)-(III), (B)-(IV), (C)-(I), (D)-(II).**

Profit & Loss A/c → Interest on Loan

Profit & Loss Appropriation A/c → Transfer to Reserve

Revaluation A/c → Dissolution of Partnership

Realisation A/c → Dissolution of Firm

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## **Question13**

**On dissolution of a firm, the amount of loan taken from partner by firm will be transferred to**

**1. Bank Account**

**2. Realisation Account**

**3. Partner's Current Account**

**4. Loan from Partner Account**

**Options:**

A. 1

B. 2

C. 3

D. 4

**Answer: A**

**Solution:**

Both option A and D are correct, but according to NTA Ans key option A is correct.

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## Question14

**Issue of Rs. 1,00,000, 9% debentures of Rs. 100 each at discount of 15% but redeemable at premium of 5%. the amount debited to loss on issue of debenture account is.**

- 1. Rs. 20,000**
- 2. Rs. 15,000**
- 3. Rs. 19,000**
- 4. Rs. 12,000**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: A**

**Solution:**

The correct answer is **Rs. 20,000.**

Loss on Issue of Debentures = Discount on Issue (Rs. 15,000) + Premium on Redemption (Rs. 5,000).

The total loss on issue of debentures includes both the discount allowed at issue and the premium payable on redemption. Hence, ₹15,000 (discount) + ₹5,000 (redemption premium) = ₹20,000 is debited to Loss on Issue of Debentures A/c.

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## Question15

**At the time of admission of partner, Workmen Compensation Claim Exceeding Workmen Compensation Fund is transferred to**

- 1. Debit of partner capital account.**
- 2. Credit of partner capital account.**
- 3. Debit of revaluation account.**
- 4. Credit of revaluation account.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: C**

**Solution:**

The correct answer is **3. Debit of Revaluation Account.**

When the actual workmen compensation claim exceeds the amount in the Workmen Compensation Fund, the excess is treated as a loss and debited to the Revaluation Account. Option (1) is wrong because partner's capital accounts are affected only after distributing profit/loss of revaluation. Option (2) is incorrect as it's a loss, not a gain. Option (4) is also wrong because revaluation is credited only for gains, not for losses.

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## **Question16**

**Choose the correct statement-**

- 1. Amount of Discount on issue of Debentures cannot be debited into Loss on issue of Debentures Account.**
- 2. Amount of Discount on issue of Debentures can be debited into Loss on issue of Debentures Account.**
- 3. Amount of Premium on Redemption of Debentures can be debited into Discount on issue of Debentures Account.**

#### **4. Amount of Discount on issue of Debentures can be debited into Premium on Redemption of Debentures Account.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: B**

**Solution:**

The correct answer is **(2) Amount of Discount on issue of Debentures can be debited into Loss on issue of Debentures Account.**

The discount on issue of debentures is a loss to the company and is therefore debited to the Loss on Issue of Debentures Account along with any premium on redemption. Option (1) is false because discount must be debited there. Option (3) is wrong — premium on redemption is also a loss but not debited to “Discount on issue” account directly. Option (4) is incorrect because “Premium on Redemption” is not an account meant to hold discount entries.

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## **Question17**

**The liability of partners is**

- 1. Limited to the value of shares held**
- 2. Limited to amount of investment**
- 3. Limited to the amount of guarantee**
- 4. Unlimited**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: D**

## **Solution:**

The correct answer is **4. Unlimited.**

In a partnership firm, partners' liability is unlimited, meaning if firm's assets are insufficient to pay debts, partners must pay from their personal property.

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## **Question18**

**Which of the following statements are true with reference to a “company”?**

**(A) The directors of the company are the owners of the company.**

**(B) A company is an artificial person.**

**(C) A company has its common seal.**

**(D) The liability of the members of the company is limited to the extent of shares held by them**

**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**

**Options:**

A. 1

B. 2

C. 3

D. 4

**Answer: D**

## Solution:

The correct answer is 4. **(B), (C), and (D) only.**

A company is an **artificial person** (B), has a **common seal** (C), and members' liability is **limited to shares held** (D). Option (A) is incorrect because **directors are managers**, not owners; ownership rests with shareholders. Hence, only statements B, C, and D are true.

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## Question19

### Match List-I with List-II

| List-I (Types of Goodwill)  | List-II (Treatment to be done)             |
|-----------------------------|--------------------------------------------|
| (A) Existing Goodwill       | (I) No entry passed                        |
| (B) Goodwill Premium        | (II) Inferred from the capital arrangement |
| (C) Goodwill Paid Privately | (III) Written off                          |
| (D) Hidden Goodwill         | (IV) Credited to sacrificing partner       |

**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)**

**Options:**

A.

1

B.

2

C.

3

D.

4

**Answer: D**

### **Solution:**

The correct answer is 4. (A)-(III), (B)-(IV), (C)-(I), (D)-(II).

Existing goodwill → written off among old partners.

Goodwill premium → credited to sacrificing partners.

Private payment → no entry.

Hidden goodwill → inferred from capitals.

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## **Question20**

**Arrange the following events in proper order.**

**(A) Transfer to capital reserve.**

**(B) Forfeiture of share.**

**(C) Calls in arrears.**

**(D) Re issue of share.**

**Choose the correct answer from the options given below:**

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

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

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

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

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: D**

### **Solution:**

The correct answer is **4. (C), (B), (D), (A).**

Calls in Arrears → Forfeiture of Shares → Reissue → Transfer to Capital Reserve.

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## **Question21**

**A share of Rs. 10 on which Rs.8 was called up was forfeited for non-payment of Rs.5. This share can be reissued at a minimum price of Rs.**

- 1.10**
- 2.8**
- 3.11**
- 4.7**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: D**

### **Solution:**

The correct answer is **Option 4 answer is 7.**

The share's **called-up amount is ₹8**, of which ₹5 was unpaid, so ₹3 was received. On reissue, the **minimum**

price cannot be less than the paid-up portion already received, i.e., ₹8 – ₹1 (unpaid portion) = ₹7. Option (1) ₹10 is face value, not required. Option (2) ₹8 ignores forfeiture. Option (3) ₹11 exceeds face value unnecessarily.

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## Question22

**A and B are partners in a firm sharing profits in the ratio of 3:2. They admit C as a partner for 1/3 share. the sacrificing ratio between A and B is**

1. 3:2
2. 1:1.
3. 2:3.
4. 3:1

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: A**

**Solution:**

The correct option is 1 and the answer is 3:2.

When other information not mentioned, old ratio = sacrificing ratio.

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## Question23

**On the happening of certain contingencies, Subject to contract between the partners, a firm is dissolved,**

**(A) if constituted for a fixed term, by the expiry of that term.**

**(B) if constituted to carry out one or more ventures, by the completion thereof.**

**(C) by the death of a partner**

**(D) by the adjudication of a partner as an insolvent**

**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**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: C**

**Solution:**

The correct answer is **3. (A), (B), (C), and (D).**

A firm dissolves on expiry of term, completion of venture, death, or insolvency of a partner.

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**Question24**

**Debenture suspense is shown in the balance sheet as**

- 1. Deduction from debenture.**
- 2. A commitment.**
- 3. Trade payables.**
- 4. Debenture redemption reserve.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: A**

**Solution:**

The correct answer is **1. Deduction from Debenture.**

When debentures are issued at a discount, the discount not yet written off is shown as **Debenture Suspense** in the balance sheet **deducted from debenture liability**. Option (2) commitment is incorrect; it's not a contingent liability. Option (3) trade payables are unrelated. Option (4) debenture redemption reserve is a separate reserve for redemption, not related to suspense account.

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## **Question25**

**Which is the correct statement, in respect of the Revaluation Account :-**

- 1. It is a nominal account, and it is credited for the decrease in value of an asset.**
- 2. It is a real account, and it is debited for the decrease in value of an asset.**
- 3. It is a real account, and it is credited for the decrease in value of a liability.**

**4. It is a nominal account, and it is debited for the decrease in value of an asset.**

**Options:**

A. 1

B. 2

C. 3

D. 4

**Answer: D**

**Solution:**

The correct answer is 4. It is a nominal account debited for decrease in asset value.

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## **Question26**

**Identify the correct statement from the given below :-**

**1. Partners' Current Account will never be shown in Assets side of the Balance Sheet.**

**2. Partners' Current Account will either be shown in Assets side of the Balance Sheet or be shown in Liabilities side of**

**the Balance Sheet.**

**3. Partners' Current Account will always be shown in Liabilities side of the Balance Sheet.**

**4. Partners' Current Account will always be shown in Assets side of the Balance Sheet.**

**Options:**

A. 1

B. 2

C. 3

D. 4

**Answer: B**

### **Solution:**

The correct answer is **2. Partners' Current Account shown on either side of the Balance Sheet.**  
Credit balance → Liabilities side; Debit balance → Assets side.

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## **Question27**

**In case of Fixed Capital Account, Interest on Drawings are**

- 1. Debited to capital account.**
- 2. Credited to capital accounts.**
- 3. Debited to current account.**
- 4. Credited to current account.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: C**

### **Solution:**

The correct answer is **3. Debited to Current Account.**  
In the fixed capital system, **capital accounts are fixed**, so any interest on drawings is **debited to the partner's current account**, not capital. Option (1) and (2) are wrong because capital account isn't affected. Option (4) is incorrect because interest is a charge, not a credit.

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## **Question28**

**Discount on issue of 8% debentures is shown in the balance sheet as**

1. Other current assets
2. Short term loans and advances.
3. Long term loans and advances
4. Other current liabilities.

Options:

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: A**

**Solution:**

The correct answer is **1. Other Current Assets**.

The discount on issue of debentures represents a **loss to the company** and is recorded as a **fictitious asset**. Hence, it appears on the **asset side** of the balance sheet under **Other Current Assets** until fully written off. Option (2) and (3) relate to loans/advances, not losses. Option (4) is incorrect because it is not a liability.

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## Question29

**Match List-I with List-II**

| List-I (Events)                       | List-II (Result)                               |
|---------------------------------------|------------------------------------------------|
| (A) Termination of business           | (I) Not possible in dissolution of partnership |
| (B) Continuation of business          | (II) Not possible in the dissolution of a firm |
| (C) Intervention of court             | (III) Dissolution of firm                      |
| (D) Continuation of books of accounts | (IV) Dissolution of partnership                |

**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)

Options:

A.

1

B.

2

C.

3

D.

4

**Answer: D**

**Solution:**

The correct answer is 4. (A)-(III), (B)-(IV), (C)-(I), (D)-(II).

When a firm is dissolved, the **business terminates** (A–III), whereas in a partnership dissolution, the **business may continue** under remaining partners (B–IV). Court intervention (C–I) is not a routine part of dissolution; it occurs only in special cases. Continuation of books (D–II) is **not possible** because assets are realized and liabilities settled, so normal accounting ends.

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## Question30

**When the date of drawing is not specified, interest on drawings are calculated for**

1. One full year.

2. 6.5 month.

3. 5.5 months.

4. 6 months.

Options:

A. 1

B. 2

C. 3

D. 4

**Answer: D**

### **Solution:**

The correct option is 4 and the answer is 6 months.

When drawing dates aren't given, interest on drawings is calculated for six months.

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## **Question31**

**Section 49, of the Indian Partnership Act 1932, deals with**

**1. Treatment of losses**

**2. Application of Assets**

**3. Provision of Indian Partnership Act 1932**

**4. Private Debts and Firm's Debts**

**Options:**

A. 1

B. 2

C. 3

D. 4

**Answer: D**

### **Solution:**

The correct answer is **4. Private Debts and Firm's Debts**.

Section 49 specifies that a partner is **liable for firm debts to the extent of firm assets**, and private debts of partners are separate. Hence, firm's assets can't be used for private debts, and vice versa. Option (1) "treatment of losses" is under Section 48. Option (2) "application of assets" relates to Section 48 as well. Option (3) is too general; the section specifically addresses debts.

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## Question32

**Reconstitution of partnership does not involves**

- 1. Admission of partner**
- 2. Dissolution of firm.**
- 3. Death of partner.**
- 4. Retirement of partner.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: B**

**Solution:**

The correct answer is **2. Dissolution of Firm.**

Reconstitution involves **changes within the existing partnership**, like admission (1), retirement (4), or death of a partner (3). Option (2) is incorrect because **dissolution ends the firm**, not a mere reconstitution. Reconstitution keeps the firm alive; dissolution closes it entirely.

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## Question33

**The order to be followed in preparation of realization account is.**

**(A) Realization of the assets.**

**(B) Transfer assets and liabilities to realization account.**

**(C) Ascertainment of profit or loss on realization.**

**(D) Payment of liabilities.**

**Choose the correct answer from the options given below:**

- 1. (A), (B), (C), (D)**
- 2. (A), (B), (D), (C)**
- 3. (B), (A), (D), (C)**
- 4. (C), (B), (D), (A)**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: C**

**Solution:**

The correct answer is **3. (B), (A), (D), (C).**

Transfer assets/liabilities → Realise assets → Pay liabilities → Ascertain profit/loss.

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## **Question34**

**Calls in arrears are shown in the balance sheet as.**

- 1. Current assets.**
- 2. A deduction from the paid up capital.**
- 3. Current liability.**
- 4. Reserve and surplus.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: B**

**Solution:**

The correct answer is **2. Deduction from Paid-up Capital.**

Calls in arrears are amounts **due from shareholders** on shares already called up, so they are **deducted from paid-up capital** in the balance sheet. Option (1) is wrong as it's not an asset. Option (3) current liability is incorrect; it's **receivable, not payable**. Option (4) reserve & surplus is unrelated to unpaid capital.

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## Question35

**The past average profits of a business works out at Rs. 20,000 and it is expected that such profits are likely to continue for another three years, the value of goodwill based on average profit method will be.....**

- 1. Rs.60,000.**
- 2. Rs.20,000**
- 3. Rs.40,000.**
- 4. Rs.50,000.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: A**

## Solution:

The correct option is 1 and the answer is ₹60,000.

Goodwill = Average Profit × Years' Purchase = 20,000 × 3.

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## Question36

As per AS-26 assets like goodwill should be written off.

1. As early as possible.
2. As early as possible but not exceeding its estimated life.
3. As early as possible but not exceeding its estimated life, which normally should not be beyond 10 years
4. Within the useful life of asset, irrespective of number of years.

Options:

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: C**

## Solution:

The correct answer is **3. As early as possible but not beyond 10 years.**

AS-26 requires intangible assets such as goodwill to be **written off over their estimated useful life**, usually **not exceeding 10 years**, to reflect true profit. Option (1) ignores useful life. Option (2) is incomplete without the 10-year guidance. Option (4) is vague; AS-26 sets a normal maximum limit of 10 years.

---

## Question37

**Match List-I with List-II**

| List-I (Accounting standards / Section of Act) | List-II (Issues)                  |
|------------------------------------------------|-----------------------------------|
| (A) AS-3                                       | (I) Settlement of Accounts        |
| (B) AS-26                                      | (II) Firm's debt and private debt |
| (C) Section 48 of the Indian Partnership Act   | (III) Cash Flow Statement         |
| (D) Section 49 of the Indian Partnership Act   | (IV) Treatment of Goodwill        |

**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)

**Options:**

A.

1

B.

2

C.

3

D.

4

**Answer: D**

**Solution:**

The correct answer is 4. (A)-(III), (B)-(IV), (C)-(I), (D)-(II).

AS-3 → Cash Flow

AS-26 → Intangible Assets

Sec 48 → Mode of Settlement

Sec 49 → Application of Property

**Question38**

**Which accounting standard is applicable for recognizing Intangible assets?**

- 1. AS-32**
- 2. AS-25**
- 3. AS-26**
- 4. AS-01**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: C**

**Solution:**

The correct option is 3 and the answer is AS-26.

AS-26 deals with Intangible Assets including goodwill.

---

## **Question39**

**In what condition the amount is shown under the head of 'Subscribed and Fully Paid up Share Capital' in Balance**

**Sheet of a Company-**

- 1. If shares are fully called up and there are Calls in Arrears**
- 2. If shares are fully called up and there are no Calls in Arrears**
- 3. If shares are partly called up and there are no Calls in Arrears**
- 4. If shares are partly called up and there are Calls in Arrears**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: B**

### **Solution:**

The correct answer is **2. Subscribed and Fully Paid-up Share Capital.**

Only when shares are **fully called up and paid**, the capital is shown under **Subscribed and Fully Paid-up Share Capital**. Option (1) is wrong because calls in arrears reduce the paid-up amount. Option (3) and (4) relate to **partly paid shares**, which are shown under “Partly Paid-up Capital,” not fully paid-up capital.

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## **Question40**

**Reserve capital is**

- 1. A kind of capital reseve.**
- 2. Part of called up capital.**
- 3. Part of the subscribed capital decided not to be called up except in the event of winding up.**
- 4. Part of capital not yet issued.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: C**

### **Solution:**

The correct answer is **3. Part of subscribed capital not to be called except on winding up.**

Reserve capital is that part of the **subscribed capital** which the company **intentionally does not call up** except in case of **winding up**. Option (1) is incorrect as it is not a type of capital reserve. Option (2) is wrong; it's part of subscribed capital but **not part of called-up capital**. Option (4) is unrelated; unissued capital is not yet subscribed.

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## Question41

**For the right to get a share in future profits of a partnership firm, a newly admitted partner will have to bring :-**

- 1. The amount of his liabilities.**
- 2. The amount of his assets.**
- 3. The amount of his obligation.**
- 4. The amount of his premium for goodwill.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: D**

**Solution:**

The correct answer is **4. Premium for Goodwill**.

When a new partner joins, they pay a **premium for goodwill** to existing partners as they acquire the **right to share future profits**. Option (1) and (2) are irrelevant; liabilities/assets brought in are capital, not compensation for profit share. Option (3) “amount of obligation” is vague and does not specifically grant the right to profits.

---

## Question42

**Match List-I with List-II**

| List-I | List-II |
|--------|---------|
|        |         |

|                        |                                                |
|------------------------|------------------------------------------------|
| (A) Authorized capital | (I) Mentioned in Prospectus                    |
| (B) Issued capital     | (II) Mentioned in Memorandum of Association    |
| (C) Subscribed capital | (III) Called up capital – calls in arrears     |
| (D) Paid-up capital    | (IV) Capital for which application is received |

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

**Options:**

A.

1

B.

2

C.

3

D.

4

**Answer: C**

**Solution:**

The correct answer is **3. (A)-(II), (B)-(I), (C)-(IV), (D)-(III).**

Authorized capital is the **maximum legal capital** a company can raise (II). Issued capital is what the company **actually offers to the public**, shown in prospectus (I). Subscribed capital is the **amount applied for by shareholders** (IV). Paid-up capital is the **called-up amount actually received**, adjusted for calls in arrears (III). Other options mismatch these logical definitions.

## Question43

**Rent payable to partner is.**

- 1. Debited to trading account.**
- 2. Credited to profit and loss account.**
- 3. Debited to profit and loss account.**
- 4. Debited to profit and loss appropriation account.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: C**

**Solution:**

The correct answer is **3. Rent payable to a partner is a charge against profit.**  
It is treated like rent to outsiders and debited to the Profit & Loss Account.

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## **Question44**

**Anubha looked after the dissolution work for remuneration of Rs. 8,500 and agreed to bear dissolution expenses upto Rs. 6,000. Actual expenses paid by her were Rs. 7,600. What will be the journal entry for remuneration payable to Anubha?**

- (A) Realisation A/c is debited by 8,500**
- (B) Anubha's Capital A/c is credited by 8,500.**
- (C) Realisation A/c is debited by 13,600.**
- (D) Anubha's Capital is credited by 13,600.**

**Choose the correct answer from the options given below:**

1. (A) and (B) only
2. (B) and (D) only
3. (A), (B), (C) and (D)
4. (C) and (D) only

Options:

A.

1

B.

2

C.

3

D.

4

**Answer: A**

**Solution:**

Anubha is entitled to **₹8,500 remuneration**, so **Realisation A/c is debited** and **her capital account credited**. The actual expenses paid (₹7,600) are covered under her agreement to bear up to ₹6,000; the excess ₹1,600 is treated as reimbursement/adjustment separately. Option (C) and (D) incorrectly combine remuneration and expenses, which is not the standard entry.

-----

## Question45

**When realisation expenses are paid by the Partner on behalf of a Firm, which account will be credited:**

1. Realisation Account
2. Partner's Capital Account
3. Partner's Loan Account
4. Bank Account

Options:

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: B**

### **Solution:**

The correct answer is **2. Partner's Capital Account**.

When realization expenses are paid by a partner, firm owes the partner; hence, his capital account is credited.

---

## **Question46**

**The main advantage of ratio analysis is.**

- 1. Enabling SWOT analysis.**
- 2. Window dressing.**
- 3. Ignoring price level changes.**
- 4. Forecasting.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: A**

### **Solution:**

The correct answer is **1. Enabling SWOT Analysis**.

Ratio analysis helps identify strengths, weaknesses, opportunities, and threats.

The main advantage of ratio analysis is **forecasting** future financial performance using historical and current ratios. Option (1) SWOT analysis is unrelated to ratios. Option (2) window dressing is a misuse, not an

advantage. Option (3) ignoring price level changes is a limitation, not a benefit.

---

## Question47

**Goods costing Rs.80,000/- were sold at a profit of 20% on sales. the amount of gross profit on this sales is.**

- 1. Rs. 16,000/-**
- 2. Rs. 18,000/-**
- 3. Rs. 20,000/-**
- 4. Rs. 17,000/-**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: C**

**Solution:**

The correct answer is **3. Rs. 20,000.**

Gross Profit = 20% of Rs. 1,00,000 (Sales) = Rs. 20,000.

The problem states that goods costing Rs. 80,000 were sold at a profit of 20% on sales. Here, it's important to note that the profit percentage is on sales, not on cost. Let the sales price be  $S$ . The cost of goods sold (C) is Rs. 80,000, and profit is 20% of sales  
 $\text{Profit} = 20\% \text{ of Sales} = 0.2 \times S$

$$\text{Cost} + \text{Profit} = \text{Sales Price} \Rightarrow 80,000 + 0.2S = S$$

$$S - 0.2S = 80,000 \Rightarrow 0.8S = 80,000$$

$$S = \frac{80,000}{0.8} = 1,00,000$$

Now, the **gross profit** is:

$$\text{Profit} = 20\% \text{ of Sales} = 0.2 \times 1,00,000 = 20,000$$

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## Question48

**Operating expense ratio is**

- 1. Income statement ratio.**
- 2. Balance sheet ratio.**
- 3. Mixed ratio.**
- 4. Combined ratio.**

**Options:**

- A. 1
- B. 2
- C. 3
- D. 4

**Answer: A**

**Solution:**

The correct answer is **1. Income Statement Ratio.**

Operating expense ratio is an **income statement ratio** because it uses **revenue and expenses** from the income statement to assess operating efficiency. Option (2) is wrong — balance sheet ratios use assets/liabilities. Option (3) “mixed ratio” and (4) “combined ratio” are not standard definitions here.

-----

## Question49

**Cash received from the issue of debenture for a trading organization is.**

- 1. Cash and cash equivalents.**
- 2. Operating activity.**
- 3. Investing Activity.**
- 4. Financing Activity**

**Options:**

A. 1

B. 2

C. 3

D. 4

**Answer: D**

### **Solution:**

The correct answer is **4. Financing Activity**.

Issue of debentures is a financing inflow under AS-3.

Cash received from the **issue of debentures** represents **financing inflow** to the company, so it is classified under **Financing Activities**. Option (1) is just the nature of the cash, not the activity. Option (2) is incorrect because operating activities relate to core business operations. Option (3) is wrong as investing activities relate to purchase/sale of long-term assets.

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## **Question50**

**Cash Inflows from Financing Activities does not include-**

**1. Debentures issued at Discount.**

**2. Mortgage loan raised.**

**3. Dividends and interest received**

**4. Equity shares issued at Premium**

**Options:**

A. 1

B. 2

C. 3

D. 4

**Answer: C**

## Solution:

The correct answer is **3. Dividends and Interest Received.**

For non-financial enterprises, these are part of Investing Activities, not Financing Activities.

Cash inflows from financing activities include raising funds via **debentures (1)**, **equity shares (4)**, or **loans (2)**. Option (3), dividends and interest received, is **not financing**; it is an **operating or investing inflow**, so it does not belong to financing activities.

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