

CUET – ACCOUNTANCY – Practice Test 1

1. Other income is 5,00,000 which is 25% of Revenue from operations. Employees benefit Expenses are 30% of the Revenue from operation. Tax rate is 40%. Net profit after tax will be:

- (a) ₹10,25,000 (b) ₹.11,40,000
(c) ₹10,75,000 (d) ₹ 10,35,000

2. Cash equivalents include:

- (A) Commercial paper issue by a company
(B) Marketable Securities
(C) Demand deposit
(D) Cash in hand
(E) Investment in shares
(1) (A), (B) and (C) only
(2) (B), (A) and (C) only
(3) (A), (C) and (E) only
(4) (B), (C) and (D) only

3. Match List-I with List-II.

List I	List II
(A) Over Subscription	(I) Minimum amount that must be raised by issue of shares
(B) Minimum subscription	(II) Application received is more than shares issued
(C) Under Subscription	(III) Allotment of shares without issue of prospectus
(D) Private Placement	(IV) Application received is less than shares issued

Choose the correct answer from the options given below:

- (a) (A)-(II), (B)-(IV), (C)-(III), (D)-(I)
(b) (A)-(II), (B)-(1), (C)-(IV), (D)-(III)
(c) (A)-(1), (B)-(II), (C)-(IV), (D)-(III)
(d) (A)-(II), (B)-(III), (C)-(IV), (D)-(I)

4. Interest paid on long term borrowings is presented as an addition to Net Profit before tax, being a

- (1) Non Cash item
(2) Operating item
(3) Non-operating item
(4) Cash Expense

5. According to Indian Partnership Act, 1932, when the firm is dissolved, cash received on sale of assets are applied in following order:

- (A) Paying to each partner proportionately what is due to him/her on account of capital
(B) In paying the secured debts of the firm to the third parties
(C) In paying each partner proportionately what is due to him/her from the firm for advances as distinguished from capital
(D) The residue, if any shall be divided among the partner's in their profit sharing ratio
(E) In paying unsecured debt of firm to third parties

Choose the correct answer from the options given below:

- (a) (C), (B), (D), (A), (E)
(b) (B), (E), (C), (A), (D)
(c) (A), (B), (C), (D), (E)
(d) (D), (C), (B), (A), (E)

6. Find the correct sequence of procedure of issue of shares:

- (A) Receipt of Applications
(B) Issue of prospectus
(C) Allotment of Shares
(D) Making call money due
(E) Receiving Call money

Choose the correct answer from the options given below:

- (a) (A), (B), (C), (D), (E)
(b) (B), (A), (C), (D), (E)
(c) (B), (C), (D), (A), (E)
(d) (B), (D), (A), (C), (E)

7. If Average Capital Employed in a firm is ₹ 9,00,000; Average Profits ₹ 2,80,000 and Normal rate of return is 20%, then value of goodwill as per capitalisation of super profits is:

- (a) ₹ 1,24,000 (b) ₹5,00,000
(c) ₹45,00,000 (d) ₹3,36,000

8. Debentures issued for consideration other than cash includes, debentures:

- (A) Issued to bank as additional security
(B) Issued to vendor
(C) Issued to Public
(D) Issued to creditor
(E) Issued for cash

Choose the correct answer from the options given below:

- (a) (C), (B), (A) and (E) only
(b) (A), (B) and (D) only
(c) (A), (D) and (C) only

(d) (B), (D) and (E) only

9. Under which Sub head we show the Security Premium in Balance Sheet?

- (a) Reserve and Surplus
- (b) Share Capital
- (c) Equity Share Capital
- (d) Shares and Liabilities

10. Match List-I with List-II.

(A) The Accounting basis for Cash Flow Statement is	(1) Investment in shares
(B) Dividend paid on Equity and Preference capital comes under	(II) Cash Basis
(c) It can not be considered as cash and cash equivalents	(III) Treasury bills
(D) It can be classified as cash and cash equivalents	IV) Cash outflow from Financing Activities

Choose the correct answer from the options given below:

- (a) (A)-(IV), (B)-(I), (C)-(II), (D)-(III)
- (b) (A)-(II), (B)-(IV), (C)-(I), (D)-(III)
- (c) (A)-(III), (B)-(II), (C)-(I), (D)-(IV)
- (d) (A)-(II), (B)-(I), (C)-(IV), (D)-(III)

11. Match List-I with List-II.

List I	List II
(A) Current Ratio	(i) Solvency Ratio
(B) Inventory turnover ratio	(ii) Liquidity Ratio
(c) Return on investment	(iii) Profitability Ratio
(d) Prop	(iii) Profitability Ratio

Choose the correct answer from the options given below:

- (a) (A)-(11), (B)-(IV), (C)-(I), (D)-(III)
- (b) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
- (c) (A)-(II), (B)-(IV), (C)-(III), (D)-(I)
- (d) (A)-(IV), (B)-(1), (C)-(III), (D)-(II)

12. The steps in the Process of Preparing Profit and Loss Appropriation account are:

- (A) Transfer the net profit to the credit side of P & L Appropriation A/c
- (B) Divide the Profit among partners in the Profit Sharing ratio
- (C) Ascertain net profit after providing for all charges

(D) Debit the P & L Appropriation A/c with all appropriations like partners salary etc.

(E) Credit the P & L Appropriation A/c with interest on drawing and deficiency on account of partner's guarantee of earnings to the firm. Choose the correct answer from the options given below:

- (a) (A), (B), (C), (D), (E)
- (b) (C), (A), (D), (E), (B)
- (c) (B), (C), (E), (A), (D)
- (d) (B), (C), (D), (A), (E)

13. Pick the odd one out while Calculating Cash Flow from

Financing Activities:

- (a) Issue of Shares
- (b) Repayment of Bank Loan
- (c) Redemption of Debentures
- (d) Rent received

14. Aradya Ltd. had debt equity ratio of 2:5: 1. State which of the following transaction will not effect the Debt Equity Ratio:

- (a) Purchase of ₹15,00,000 machinery by taking bank loan of ₹12,00,000
- (b) 2,00,000 paid to creditors
- (c) Conversion of ₹ 1,00,000 debentures into Equity shares of 100 each
- (d) Sale of furniture (book value of 5,50,000 5,00,000 for

15. Comparison of financial statements of one year with that of another year is possible only when concept.....is followed.

- (1) Going Concern (2) Materiality
- (3) Consistency (4) Accrual

16. Identify the cash transaction from the following:

- (a) Purchase of machinery by issue of preference shares
- (b) Redemption of Debentures by issuing equity shares
- (c) Issue of Debentures as collateral security
- (d) Purchase of land by taking loan

17. A, B and C were sharing profits & losses in the ratio of 3:2:1. They decided to share profits & losses equally in future. General reserve was appearing in their books at 60,000. Goodwill was valued at 1,20,000. The partners do not want to disturb the general reserve. The adjusting entry will be:

- (a) A's capital A/C Dr. 1,80,000
To C's Capital A/C 1,80,000

(b) A's capital A/C Dr. 1,80,000
To B's Capital A/C 1,20,000
To C's Capital A/C 60,000

(c) C's capital A/C Dr. 30,000
To A's Capital A/C 30,000

(d) Cs capital A/C Dr. 1,80,000
To A's Capital A/C 1,20,000
To B's Capital A/C 60,000

18. Net Capital Employed is equal to:

- (A) Fixed Assets + Current Assets -- Long term liabilities
(B) Non current Assets + Current Assets - Current liabilities
(C) Fixed Assets + Current Assets - Equity
(D) Equity + Debt
(E) Current Assets - Current liabilities
- Choose the correct answer from the options given below:
- (a) (A) and (B) only
(b) (B) and (D) only
(c) (C) and (D) only
(d) (A) and (D) only

19. On retirement, the retiring partner's capital account will be credited with:

- (A) His/Her Capital Balance
(B) His/Her share of goodwill
(C) Share of goodwill of remaining partners
(D) his/her share of Reserve
(E) his/her drawings
- Choose the correct answer from the options given below:
- (a) (A), (B) and (C) only
(b) (A), (B) and (D) only
(c) (B), (C) and (D) only
(d) (C), (B) and (D) only

20. On dissolution of partnership, goodwill account is transferred to:

- (a) The debit side of Realisation Account
(b) The credit side of Realisation Account
(c) The credit side of Partner's Capital/Current Account
(d) The debit side of Partner's Capital/ Current Account

21. On retirement/ death of a partner, the remaining partners who have gained due to change in profit sharing ratio should compensate the:

- (a) No partner

- (b) Retiring partner only
(c) Remaining partners only (Who have sacrificed.)
(d) Remaining partners (who have sacrificed) as well as retiring partner.

22. Deferred Tax Assets are the part of

1. Non-current liabilities
2. Non current assets
3. Current liabilities
4. Current assets

23. Common Size Statements are also known as:

- (a) Dynamic analysis (b) Horizontal analysis
(c) Vertical analysis (d) External analysis

24. Calculate and state the nature of activity under cash flow statement: Acquired Machinery for 5,00,000 paying 50% by cheque and executing a bond for the balance payable:

- (a) Inflow operating activity 2,50,000
(b) Outflow Investing activity (5,00,000)
(c) Inflow Investing activity (5,00,000)
(d) Outflow Investing activity (2,50,000)

25. Balance in "Call in Advance" account is shown as a separate item under the sub head.....in company's Balance Sheet.

1. Short term borrowings
2. Trade payable
3. Other current liabilities
4. Short term provisions

26. Partnership deed should be drafted and prepared as per:

- (a) Provision of Partnership Act
(b) Companies Act
(c) Registrar of Firms
(d) Provisions of the Stamp Act

27. Amount received from the sale of furniture for ₹7000 (Book value 10,000). The amount to be shown in receipts and payments account will be

- (a) ₹10,000 on the receipts side
(b) ₹7,000 on the receipts side
(c) ₹3,000 on the payment side
(d) ₹3,000 on the receipts side

28. Identify the correct sequence to be followed at the time of Retirement of a Partner:

- (A) New Balance Sheet after Retirement
(B) Transferring balance to Retiring partner's Loan Account
(C) Calculation Gaining/Sacrificing Ratio
(D) Partners' Capital Account

(E) Preparation of Revaluation Account
Choose the correct answer from the options given below:

- (a) (C), (D), (E), (A), (B)
(b) (C), (E), (D), (B), (A)
(c) (A), (B), (C), (D), (E)
(d) (C), (E), (B), (A), (D)

29. An annual report is furnished by a company to its :

- (a) Directors (b) Auditors
(c) Shareholders (d) Management

30. Current liabilities include:

- (A) Trade receivables
(B) Unclaimed dividend
(C) Interest accrued but not due on loan
(D) Acceptances
(E) 12% debentures redeemable after four years
Choose the correct answer from the options given below:

- (a) (A), (B) and (C) only
(b) (B), (C) and (D) only
(c) (A), (C) and (D) only
(d) (A), (B) and (D) only

31. AB & Co. purchased assets worth 28,80,000 from vendor. It issued debentures of 100 each at a discount of 4% in full satisfaction of the purchase consideration. The number of debentures issued to vendor is:

- (a) ₹30,000 (b) ₹28,800
(c) ₹32,000 (d) ₹27,693

32. Shweta, Shreya and Shaniya were partners sharing profits in the ratio of 3:2:1. Shaniya retired from the firm and her capital, after making adjustments for reserves and gain of revaluation amounted to ₹4,50,000. Shaniya took 25% of the furniture, accepted bill of exchange for ₹52,000. Finally ₹2,75,000 was transferred to her loan account.

The total value of furniture was:

- (a) 2,58,000 (b) 3,60,000
(c) 3,68,000 (d) 4,92,000

33. Rohit a partner paid the realisation expenses of 10,000 and he was to get a remuneration of 12,000 for completing the dissolution process and realisation expenses were borne by Rohit. The amount transferred to his capital A/c will be:

- (a) ₹ 12,000 (b) ₹ 10,000
(c) ₹ 22,000 (d) ₹ 2,000

34. Lisa, Monika and Nisha are partners in a firm sharing profits and losses in the ratio of 2:2:1. Their capital A/c stood as ₹ 50,000, ₹ 50,000 and ₹25,000 respectively. Monika died and balance in the reserve on that date was 15,000. If goodwill of the firm ₹ 30,000 and profit on revaluation is ₹ 7,050. What amount will be transferred to Monika's Executors Account ?

- (a) ₹50,820 (b) ₹70,820
(c) ₹8,820 (d) ₹ ₹ 60,820

35. Match List-I with List-II.

(A) Application money should be at least% of the face value of the share	(I) 25%
(B) The amount of Call should not exceed..... % of the face value of the share	(II) 90%
(C) Minimum subscription of capital cannot be less thanof the issued amount according to SEBI guidelines	(III) 10%
(D) Interest charged on call-in-arrears is @..... p.a.	(IV) 5%

Choose the correct answer from the options given below:

- (a) (A)-(IV), (B)-(I), (C)-(II), (D)-(III)
(b) (A)-(II), (B)-(III), (C)-(IV), (D)-(I)
(c) (A)-(IV), (B)-(II), (C)-(I), (D)-(III)
(d) (A)-(III), (B)-(I), (C)-(IV), (D)-(II)

36. On Dissolution of partnership firm out of total debtors of ₹ 2,50,000, 10,000 became bad and the rest realised 70%. In the given case Bank A/c will be debited by:

- (a) ₹ 1,75,000 (b) ₹ 1,08,000
(c) ₹ 1,62,000 (d) ₹ 1,68,000

37. Match List - I with List II

(A) Authorised Capital	(I) A portion of uncalled share capital will be called at the time of winding up
(B) Reserve Capital	(II) Maximum amount of share capital a company could raise during its life time

(C) Issued Capital	(III) Capital issued to public for subscription
(D) Subscribed but not fully paid capital	(IV) Amount called up and received but not fully

Choose the correct answer from the options given below:

- (a) (A)-(II), (B)-(I), (C)-(III), (D)-(IV)
 (b) (A)-(II), (B)-(I), (C)-(IV), (D)-(III)
 (c) (A)-(II), (B)-(IV), (C)-(I), (D)-(III)
 (d) (A)-(II), (B)-(III), (C)-(I), (D)-(IV)

38. Out of the following identify which is not cash and cash equivalent.

1. Marketable securities
2. Non-current investment
3. Commercial paper
4. Treasury Bill

39. Cash equivalents refers to:

- (A) Demand deposits with Bank
 (B) Bills receivables
 (C) Treasury bill
 (D) Commercial Paper
 (E) Marketable Securities

Choose the correct answer from the options given below:

- (a) (A), (C), (D) and (E) only
 (b) (A), (B), (C) and (D) only
 (c) (A), (B), (D) and (E) only
 (d) (B), (C), (D) and (E) only

40. While calculating Goodwill under super profit method, the sequence followed is:

- (A) Calculation of Super profit
 (B) Calculation of Capital Employed
 (C) Calculation of Normal profit
 (D) Calculation of Average profit
 (E) Calculation of Goodwill

Choose the correct answer from the options given below:

- (a) (D), (C), (A), (B), (E)
 (b) (D), (B), (C), (A), (E)
 (c) (D), (A), (C), (B), (E)
 (d) (D), (C), (B), (A), (E)

41. Amrita and Kalyani are partners sharing profits in the ratio of 3: 2. They decided to expand the business by admitting Suraj as new partner for 1/4th share. Suraj's share of goodwill is valued at 90,000 for which he compensated Amrita and

Kalyani in the ratio 1: 4. Following information is also provided

	Book Value	Revalued figure
Machinery	25,00,000	27,00,000
Land	10,00,000	50,00,000
Computer	2,50,000	50,000
Workmen compensation fund	5,00,000	

Claim against workmen compensation is Rs 2,00,000 and goodwill appeared in the books at Rs 60,000

Goodwill brought by Suraj will be distributed as:

- (a) ₹54,000; ₹36,000
 (b) ₹2,16,000; ₹1,44,000.
 (c) ₹18,000; ₹72,000
 (d) ₹72,000; ₹ 18,000

42. Share of revaluation profit of Amrita and Kalyani is:

- (a) ₹ 24,00,000 and ₹ 16,00,000
 (b) ₹ 16,00,000 and ₹ 24,00,000
 (c) ₹ 8,00,000 and ₹ 32,00,000
 (d) ₹ 20,00,000 and ₹ 20,00,000

43. What is Amrita's share in workmen compensation fund?

- (a) ₹3,00,000
 (b) ₹ 1,80,000
 (c) ₹ 1,20,000
 (d) ₹ 1,00,000

44. What journal entry will be passed for goodwill appearing in the books?

- (a) Dr. Goodwill A/c 60,000
 Cr. Amrita's Capital A/c 36,000
 Cr. Kalyani's Capital A/c 24,000

- (b) Dr. Amrita's Capital A/c 36,000
 Dr. Kalyani's Capital A/c 24,000.
 Cr. Goodwill A/c 60,000

- (c) Dr. Amrita's Capital A/c 12,000
 Dr. Kalyani's Capital A/c 48,000
 Cr. Good will A/c 60,000

- (d) Dr. Goodwill A/c 60,000
 Cr. All partner's Capital A/c 60,000

45. A new partner can be admitted:

- (a) If all the existing partners agree
 (b) If Majority of the existing partner agree
 (c) If any one of the existing partner agree
 (d) If 4/5th of the existing partner agree

46. XYZ Ltd. has been operating in the field of FMCG products in South Indian market. However to expand its operation in northern part of India, it needs additional capital 20,00,000 which is raised by issuing 10% Debenture of 12,00,000 of 100 issued at a discount of 10% to be repayable after 6 years. The rest of the funds is raised by issuing 5% debenture of ₹ 8,00,000 of ₹ 100 issued at 15% premium. These debentures are perpetual in nature. After six years of successful operation in northern India, company took a loan of 5,00,000 from PNB against 5% debenture of ₹ 8,00,000 of ₹ 100 each as a collateral security. The company successfully ran its operation and managed to pay off its loan within two years.

XYZ Ltd. issues 10% debentures of ₹ 12,00,000 of ₹ 100 each at a discount of 10% which will be repayable after 6 years. What type of debenture is it?

- (a) Zero Coupon Rate Bonds/Debenture
- (b) Redeemable Debentures
- (c) Convertible Debenture
- (d) Irredeemable Debenture

47. XYZ Ltd. issued another category of debenture which are perpetual in nature. What type of debentures they are called:

- (a) Irredeemable Debentures
- (b) Convertible Debenture
- (c) Redeemable Debentures

(d) Bearer Debentures

48. While issuing 10% debenture of ₹12,00,000 at 10% discount. What amount should be transferred to "Discount on issue of debenture A/c" if all amount is received in one instalment ?

- (a) 10,000
- (b) ₹ 12,000
- (c) 1,20,000
- (d) 1,00,000

49. If 5% debenture of 8,00,000 of ₹ 100 were issued at 15% premium. Amount is payable as 25 on applications, 50 on allotment and much amount should be Reserve A/c". 40 on 1st and final call. How credited to "Security Premium.

- (a) ₹ 1,20,000
- (b) ₹8,00,000
- (c) ₹ 9,20,000
- (d) ₹ 1,00,000

50. Company raised a loan of 5,00,000 from PNB against 5% debenture of 8,00,000 of ₹ 100 each as a collateral security. The "Debenture suspense A/c" will be debited with:

- (a) ₹ 5,00,000
- (b) ₹ 3,00,000
- (c) ₹ 8,00,000
- (d) ₹ 13,00,000