

1. Which of the following indicates limitation of financial analysis?

1. They focus on facts and relationships related to managerial performance and corporate efficiency.
2. They do not consider price level changes.
3. They indicate the ability of the company to meet its obligations.
4. They provide vital information to different stakeholders.

2. G.S. Rai Company purchased assets of book value ₹98,000 from another firm. Purchase consideration was paid by issuing 11% debentures of ₹100 each at 20% discount.

Identify the number of debentures issued.

1. 110 debentures
2. 200 debentures
3. 125 debentures
4. 960 debentures

3. X Ltd. has a current ratio of 3:1 and quick ratio of 2:1. If the excess of current assets over quick assets is ₹5,000, calculate current assets and quick assets.

1. ₹15,000 ; ₹5,000
2. ₹15,000 ; ₹14,000
3. ₹10,000 ; ₹15,000
4. ₹5,000 ; ₹10,000

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

1. Old firm is dissolved
2. Old firm and partnership are dissolved
3. Old partnership is dissolved
4. Firm will lose its existence

5. The directors of Priya Polymer Ltd. forfeited 200 shares of ₹100 each for non-payment of ₹30 per share.

Out of these 150 shares were reissued at ₹60 per share. Amount of capital reserve will be:

1. ₹4,000
2. ₹4,500
3. ₹5,500
4. ₹5,000

6. A business earned average profits of ₹1,00,000 and the normal rate of return is 25%.

Capital employed = ₹3,20,000.

Calculate goodwill using capitalisation of average profit method.

1. ₹80,000
2. ₹2,40,000
3. ₹40,000
4. ₹2,60,000

7. Rana, Sana and Kamana share profits in the ratio 4:3:2. Rana retires and Sana and Kamana decide to share profits in the ratio 5:3.

The gaining ratio will be:

1. 11 : 11
2. 11 : 21
3. 11 : 22
4. 12 : 21

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

Bank A/c Dr. ₹4,75,000

Loss on Issue of Debentures A/c Dr. ₹75,000

To 12% Debentures A/c ₹5,00,000

To Premium on Redemption of Debentures A/c ₹50,000

If debentures were issued at 5% discount, find the premium on redemption rate.

1. 5%
2. 15%
3. 20%
4. 10%

9. Stock at dissolution appears in books at ₹50,000.
Half the stock sold at 20% discount and the rest taken
by a partner at 10% discount.
Cash received from sale of stock:

1. ₹25,000
 2. ₹42,500
 3. ₹20,000
 4. ₹45,000
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10. Hemant and Naman are partners sharing profits 3:2
with capitals ₹80,000 and ₹50,000 respectively.
Samrat is admitted for 1/5 share for ₹60,000.
Value of goodwill:

1. ₹1,20,000
 2. ₹1,10,000
 3. ₹1,30,000
 4. ₹1,40,000
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11. Comparison of financial statements over several
years is known as:

1. Vertical analysis
 2. Ratio analysis
 3. Trend analysis
 4. Horizontal analysis
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12. The need for codification is:

1. Encryption of data
 2. Generation of mnemonic code
 3. Securing accounts and reports
 4. Easy processing of data and proper records
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13. Which analysis estimates current and past financial
position and predicts future conditions?

1. Cash flow analysis
 2. Trend analysis
 3. Ratio analysis
 4. Financial statement analysis
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14. Where is the address of the active cell displayed?

1. Row heading
 2. Status bar
 3. Name box
 4. Formula bar
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15. From the following details calculate profit before tax:

Net profit after tax = ₹50,000

15% Long-term debt = ₹1,20,000

Tax rate = 20%

1. ₹80,000
 2. ₹1,50,000
 3. ₹62,500
 4. ₹72,500
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16. A trader has average inventory ₹40,000 and
inventory turnover ratio 8 times.

If goods are sold at 20% profit, find gross profit.

1. ₹60,000
 2. ₹70,000
 3. ₹90,000
 4. ₹80,000
-

17. Gross profit ratio = 25%

Credit revenue = ₹20,00,000

Cash revenue = 20% of total revenue

Indirect expenses = ₹50,000

Find Net Profit.

1. ₹5,00,000
 2. ₹25,000
 3. ₹6,00,000
 4. ₹5,75,000
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18. Asha, Deepa and Lata share profits 3:2:1. Deepa
retires.

After adjustments capitals of Asha and Lata show
₹1,60,000 and ₹80,000 credit.

Find the new capitals.

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Previous Year Question

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1. ₹1,80,000 ; ₹1,70,000
 2. ₹1,80,000 ; ₹60,000
 3. ₹1,60,000 ; ₹80,000
 4. ₹1,60,000 ; ₹60,000
-

19. A and B share profits 2:1. C admitted for 1/4 share for ₹20,000 goodwill.

Capitals of A and B after adjustment = ₹45,000 and ₹15,000.

Find the new profit sharing ratio.

1. 6 : 5 : 3
 2. 2 : 1 : 1
 3. 1 : 1 : 1
 4. 1 : 2 : 1
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20. According to Partnership Act 1932, dissolution of partnership between all partners is called:

1. Section 42
 2. Section 35
 3. Section 37
 4. Section 39
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21. Which of the following is correct if there is no partnership deed?

1. Profit sharing in capital ratio
 2. Interest on capital allowed @ 6%
 3. Interest on drawings not charged
 4. Interest on loan allowed @ 16%
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22. If a company issues 10,000 9% debentures of ₹100 at 5% discount redeemable at 5% premium, loss on issue of debentures will be:

1. ₹5,000
 2. ₹10,000
 3. ₹15,000
 4. ₹20,000
-

23. If debentures are issued at 5% discount and redeemable at 5% premium, find the premium rate.

1. 5%
 2. 10%
 3. 15%
 4. 20%
-

24. Which factor does NOT affect goodwill?

1. Nature of business
 2. Location
 3. Market situation
 4. Efficiency of management of non-competitive firms
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25. Dividend paid to shareholders is classified under:

1. Cash flow from operating activities
 2. Cash flow from investing activities
 3. Cash flow from financing activities
 4. Cash flow from extraordinary activities
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26. The sum due to a retiring partner includes:

- (A) Share of profits till retirement
- (B) Share of goodwill
- (C) Share of accumulated profits
- (D) Share in gain of revaluation

Options:

1. A & B only
 2. A, B & C only
 3. A, B, C & D
 4. B, C & D only
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27. Accounting aspects on death of a partner include:

- (A) Adjustment of unrecorded assets and liabilities
 - (B) Treatment of goodwill
 - (C) Preparation of Realisation Account
 - (D) Executor's loan account
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Options:

1. A & C only
2. A, B & C only
3. A, B & D only
4. A, B, C & D

2. A, B, C & D
3. B & C only
4. A, C & D only

28. Minimum subscription relates to:

- (A) Price of property purchased out of issue proceeds
- (B) Preliminary expenses payable
- (C) Working capital
- (D) Any expenditure required to carry business operations

Options:

1. A & B only
2. A, B & C only
3. A, B, C & D
4. B & C only

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

- (A) Debts of the firm to third parties
- (B) Partner's proportionately due advances distinguished from capital (Partner's loan)
- (C) Each partner proportionately due capital
- (D) Dividend among the partners in their profit-sharing ratio

Options:

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

29. While issuing share capital without Articles of Association:

- (A) One month gap between calls
- (B) Call not exceeding 25% of face value
- (C) Minimum 7 days notice
- (D) Calls made uniformly

Options:

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

32. 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 and sacrificing ratio
- (D) Preparation of Revaluation Account
- (E) Preparing Partner's Capital Account and Balance Sheet

Options:

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

30. Securities Premium Account can be used for:

- (A) Issue of bonus shares
- (B) Buy-back of shares
- (C) Write-off preliminary expenses
- (D) Premium on redemption of debentures

Options:

1. A & D only

33. Arrange the following in sequence in which they will be utilized for payment of losses:

- (A) Out of capital of partners
- (B) Out of profits
- (C) By partners individually in their profit-sharing ratio

Options:

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1. (A), (B), (C)
2. (A), (C), (B)
3. (B), (A), (C)
4. (B), (C), (A)

(D) Operating ratio

(IV) Profitability ratio

Options:

1. A-I, B-II, C-III, D-IV
2. A-II, B-I, C-III, D-IV
3. A-I, B-III, C-II, D-IV
4. A-III, B-II, C-I, D-IV

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

- (A) Company issues the prospectus to the public
- (B) Company must obtain minimum subscription within 120 days
- (C) Prospective investors apply for shares with application money
- (D) Letters of allotment are sent to successful applicants

Choose the correct sequence:

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

37. 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) Shareholders' funds	(IV) Calls in arrears

35. The steps involved in calculation of Goodwill under Super Profit Method are:

- (A) Calculate super profits by deducting normal profit from average profits
- (B) Calculate normal profit on the firm's capital at normal rate of return
- (C) Calculate average profit
- (D) Multiply super profit by number of years' purchase

Options:

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

Options:

1. A-I, B-II, C-III, D-IV
2. A-III, B-II, C-I, D-IV
3. A-II, B-III, C-IV, D-I
4. A-IV, B-III, C-II, D-I

36. Match List-I with List-II:

List-I (Accounting Ratio)	List-II
(A) Current ratio	(I) Liquidity ratio
(B) Stock turnover ratio	(II) Activity ratio
(C) Debt-Equity ratio	(III) Solvency ratio

38. 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 and commission
(D) Cash inflows from investing activities	(IV) Cash receipt from disposal of fixed assets

Options:

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

2. A-II, B-I, C-III, D-IV
3. A-I, B-II, C-III, D-IV
4. A-IV, B-III, C-II, D-I

39. 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 becomes illegal
(D) Dissolution on certain contingencies	(IV) Partnership at will

Options:

1. A-III, B-IV, C-I, D-II
2. A-II, B-IV, C-III, D-I
3. A-III, B-II, C-I, D-IV
4. A-I, B-IV, C-III, D-II

40. 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) Settlement of partners' accounts	(II) Bank A/c Dr. To loan to partners
(C) Settlement of loan by firm to partner	(III) Bank A/c Dr. To Partners' Capital A/c
(D) Settlement of unrecorded liability	(IV) Partner's Loan A/c Dr. To Bank A/c

Options:

1. A-IV, B-III, C-II, D-I
2. A-III, B-I, C-IV, D-II
3. A-II, B-IV, C-I, D-III
4. A-I, B-III, C-II, D-IV

41. Minimum subscription refers to the minimum amount required to meet:

1. Preliminary expenses only
2. Purchase of property only
3. Working capital requirements
4. All of the above

42. In absence of Articles of Association, maximum amount of a call should not exceed:

1. 10% of face value
2. 20% of face value
3. 25% of face value
4. 50% of face value

43. The interval between two calls should be at least:

1. 7 days
2. 14 days
3. 1 month
4. 3 months

44. Which account is credited when debentures are redeemed at premium?

1. Debenture account
2. Premium on redemption of debentures account
3. Capital reserve account
4. Securities premium account

45. Which ratio measures liquidity position of a firm?

1. Current ratio
2. Stock turnover ratio
3. Debt equity ratio
4. Net profit ratio

46. The ratio which shows the relationship between debt and owner's equity is:

1. Current ratio

2. Debt equity ratio
 3. Operating ratio
 4. Inventory turnover ratio
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47. Which activity represents cash inflow from operating activities?

1. Sale of fixed assets
 2. Dividend received
 3. Cash received from customers
 4. Issue of shares
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48. Which of the following is not a financing activity?

1. Issue of shares
 2. Redemption of debentures
 3. Payment of dividend
 4. Purchase of machinery
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49. Goodwill represents:

1. Reputation of the firm
 2. Excess earning capacity of the firm
 3. Intangible asset
 4. All of the above
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50. Which account is prepared at the time of dissolution of partnership firm?

1. Revaluation Account
 2. Realisation Account
 3. Trading Account
 4. Profit and Loss Appropriation Account
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