

**SAMPLE CONTENT**



# 10 PRACTICE PAPER SET



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# CUET (UG)

Common University Entrance Test



## ACCOUNTANCY/ BOOK-KEEPING

Section - II  
CODE: 301

### Features:

- ▶ Created as per the syllabus prescribed by NTA
- ▶ In accordance with the latest CUET (UG) Paper conducted by NTA
- ▶ Set of 10 full length Question Papers with Answers and Solutions
- ▶ Exhaustive coverage of all types of questions based on the latest CUET (UG) question paper
- ▶ Detailed solutions are provided for better understanding

**Target** Publications® Pvt. Ltd.

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## PREFACE

The Common University Entrance Test, CUET (UG) is a crucial milestone for students as they progress towards their undergraduate education. It is the sole opportunity for them to gain admission into premier undergraduate institutions and courses after the completion of Class XII.

Target Publications, with more than a decade of experience and expertise in the domain of competitive examination, offers ‘**CUET (UG) 10 Practice Paper Set**’ – Accountancy for CUET (UG) aspirants, which is a meticulously designed book to assess the threshold of knowledge imbibed by students.

This book charts out a compilation of 10 Practice Papers aimed at students appearing for the CUET (UG) examination. Every question paper in this book has been created in line with syllabus prescribed by NTA for CUET (UG) Accountancy.

Each paper covers various question types (*Passage/Case-Study Based Questions, Match the Columns, Statement Based Questions, Assertion and Reason, Journal Entries*) based on CUET (UG) - 2022 question paper and touches upon all the conceptual nodes of Accountancy. The questions throughout this book are specifically curated by our expert authors with an astute attention to detail. The core objective of this book is to gauge the student’s preparedness to appear for CUET (UG) examination.

To aid students, detailed solutions are provided for difficult questions.

Apart from mastery on the subject content, we hope that this book will also help students to achieve objectives such as time-management and develop their ability to utilize the paper-pattern format (choice of questions to attempt) to their advantage in order to maximize their scores.

*We hope that the book helps the learners as we have envisioned.*

Publisher

**Edition:** First

The journey to create a complete book is strewn with triumphs, failures and near misses. If you think we’ve nearly missed something or want to applaud us for our triumphs, we’d love to hear from you.

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### Disclaimer

This reference book is based on the CUET (UG) official syllabus prescribed by National Testing Agency (NTA). We the publishers are making this reference book which constitutes as fair use of textual contents which are transformed by adding and elaborating, with a view to simplify the same to enable the students to understand, memorize and reproduce the same in examinations.

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## Syllabus for CUET (UG) - Accountancy

### Accounting for Not-for-Profit Organizations and Partnership Firms

#### **Unit I: Accounting Not-for-Profit Organisation**

- Not-for-profit organization: Meaning and Examples.
- Receipts and Payments: Meaning and Concept of fund-based and non-fund-based accounting.
- Preparation of Income and Expenditure Account and Balance sheet from receipt and payment account with additional information.

#### **Unit II: Accounting for Partnership**

- Nature of Partnership Firm: Partnership deed (meaning, importance).
- Final Accounts of Partnership: Fixed v/s Fluctuating capital, Division of profit among partners, Profit, and Loss Appropriation account

#### **Unit III: Reconstitution of Partnership**

Changes in profit sharing ratio among the existing partners – Sacrificing ratio and Gaining ratio.

- Accounting for Revaluation of Assets and Liabilities and Distribution of reserves and accumulated profits.
- Goodwill: Nature, Factors affecting and Methods of valuation: Average profit, Super profit, Multiplier, and Capitalization methods.
- Admission of a Partner: Effect of admission of a partner, Change in profit sharing ratio, the Accounting treatment for goodwill, Revaluation of assets and liabilities, Reserves (accumulated profits), and Adjustment of capitals.
- Retirement/Death of a Partner: Change in profit sharing ratio, Accounting treatment of goodwill, Revaluation of assets and liabilities, Adjustment of accumulated profits (Reserves).

#### **Unit IV: Dissolution of Partnership Firm**

- Meaning, Settlement of accounts: Preparation of realization account and related accounts (excluding piecemeal distribution, sale to a company and insolvency of a Partner)

### Company Accounts and Financial Statement Analysis

#### **Unit V: Accounting for Share and Debenture Capital**

- Share Capital: Meaning, Nature and Types.
- Accounting for Share Capital: Issue and Allotment of Equity and Preference Shares; Over subscription and Under subscription; Issue at par, premium and at discount; Calls in advance, Calls in arrears, Issue of shares for consideration other than cash.
- Forfeiture of Shares: Accounting treatment, Re-issue of forfeited shares.
- Presentation of shares and Debentures Capital in the company's balance sheet.
- Issue of Debenture – At par, premium, and discount; Issue of debentures for consideration other than cash.
- Redemption of the debenture.
- Out of proceeds of fresh issue, accumulated profits, and sinking fund

#### **Unit VI: Analysis of Financial Statements**

- Financial Statements of a Company: Preparation of simple financial statements of a company in the prescribed form with major headings only.
- Financial Analysis: Meaning, Significance, Purpose, Limitations.
- Tools for Financial Analysis: Comparative statements, Common size statements.
- Accounting Ratios: Meaning and Objectives, Types of ratios:

**Liquidity Ratios:** Current ratio, Liquidity ratio.

**Solvency Ratio:** Debt to equity, Total assets to debt, Proprietary ratio.

**Activity Ratio:** Inventory turnover, Debtors turnover, Payables turnover, Working capital turnover, fixed assets turnover, Current assets turnover.

**Profitability Ratio:** Gross profit, Operating ratio, Net profit ratio, Return on Investment, Earning per Share, Dividend per Share, Profit Earning ratio.

### **Unit VII: Statement of Changes in Financial Position**

- Cash Flow Statement: Meaning and Objectives, Preparation, Adjustments related to depreciation, dividend and tax, sale and purchase of non-current assets (as per revised standard issued by ICAI).

### **Computerized Accounting System**

#### **Unit I: Overview of Computerized Accounting System**

- Concept and Types of Computerized Accounting System (CAS).
- Features of a Computerized Accounting System.
- Structure of a Computerized Accounting System

#### **Unit II: Using Computerized Accounting System**

- Steps in the installation of CAS, Preparation of chart of accounts, Codification, and Hierarchy of account heads.
- Data entry, Data validation, and Data verification.
- Adjusting entries, Preparation of financial statements, Closing entries, and Opening entries.
- Security of CAS and Security features are generally available in CAS (Students are expected to understand and practice the entire accounting process using an accounting package.)

#### **Unit III: Accounting Using Database Management System (DBMS)**

- Concepts of DBMS. Objects in DBMS: Tables, Queries, Forms, Reports.
- Creating data tables for accounting.
- Using queries, forms, and reports for generating accounting information. Applications of DBMS in generating accounting information such as shareholders' records, sales reports, customers' profiles, suppliers' profiles, payroll, employees' profiles, and petty cash registers.

#### **Unit IV: Accounting Applications of Electronic Spreadsheet**

- Concept of an Electronic Spreadsheet (ES).
- Features offered by Electronic Spreadsheet.
- Applications of Electronic Spreadsheet in generating accounting information, preparing depreciation schedules, loan repayment schedules, payroll accounting, and other such company

## Broad features of CUET (UG)

Mode of Examination: Computer Based Test (CBT) mode						
Sections	Subjects/ Tests	Questions to be Attempted	Marks per Question	Total Marks	Question Type	Duration
<b>Section IA - Languages</b>	There are 13 different languages. Any of these languages may be chosen.	40 questions out of 50 in each language	5	200	<ul style="list-style-type: none"> <li>Language to be tested through Reading Comprehension based on different types of passages–Factual, Literary and Narrative, [Literary Aptitude and Vocabulary]</li> <li>MCQ Based Questions</li> </ul>	45 Minutes for each language
<b>Section IB - Languages</b>	There are 20 Languages. Any other language apart from those offered in Section I A may be chosen.					
<b>Section II - Domain</b>	There are 27 Domains specific Subjects being offered under this Section. A candidate may choose a maximum of Six Domains as desired by the applicable University/ Universities.	40 questions out of 50 in each subject	5	200	<ul style="list-style-type: none"> <li>Input text can be used for MCQ Based Questions</li> <li>MCQs based on syllabus given on NTA website</li> </ul>	45 Minutes for each Domain Specific Subjects
<b>Section III General Test</b>	For any such undergraduate programme/ programmes being offered by Universities where a General Test is being used for admission.	60 questions out of 75	5	300	<ul style="list-style-type: none"> <li>Input text can be used for MCQ Based Questions</li> <li>General Knowledge, Current Affairs, General Mental Ability, Numerical Ability, Quantitative Reasoning (Simple application of basic mathematical arithmetic/algebra geometry/mensuration /stat taught till Grade 8), Logical and Analytical Reasoning</li> </ul>	60 Minutes
<b>Note:</b>						
<ul style="list-style-type: none"> <li>One mark will be deducted for a wrong answer.</li> <li>Unanswered/Marked for Review will be given no mark (0).</li> </ul>						

Candidates are advised to visit the NTA CUET (UG) official website <https://cuet.samarth.ac.in/> for the latest updates regarding the Examination.

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Time: 45 minutes

Total Marks: 200

**Instructions:**

- Each question carries 5 marks.
- No mark will be given to unanswered/marked for review questions.
- Negative marking of 1 mark for a wrong answer.

- Undervaluation of Closing Stock by 10%. Closing Stock was ₹ 30,000. Determine the closing stock value.  
(A) ₹ 33,000 (B) ₹ 27,000 (C) ₹ 33,333 (D) ₹ 26,667
- Which one of the following is not an essential feature of a partnership?  
(A) Minimum two partners are needed to start partnership firm.  
(B) The business must be carried on for profits.  
(C) The business must be carried on by all the partners.  
(D) There must be an agreement.
- Nominal partners refer to:  
(A) Do not contribute any capital but get some share of profit.  
(B) Contribute very less capital but get equal profit.  
(C) Do not take active participation in business affairs.  
(D) Do not contribute any capital and without having any interest in the business, lend their name to the business.
- Subscription received during the year - ₹ 50,000; Subscription pertaining to last year - ₹ 5,000; Subscription outstanding at the end of the year - ₹ 5,000, Subscription received in advance of next year- ₹ 2,000. Subscription income for the year will be:  
(A) ₹ 55,000 (B) ₹ 45,000 (C) ₹ 48,000 (D) ₹ 52,000
- A, B and C are partners, sharing profits and losses equally. As per Partnership Deed, C is entitled to a commission of 10% on the net profit after charging such a commission. The net profit before charging commission is ₹ 4,40,000. Determine the amount of commission payable to C.  
(A) ₹ 10,000 (B) ₹ 20,000 (C) ₹ 40,000 (D) ₹ 44,000
- Find the odd one out:  
Loading charges, Rent and rates, Advertisement, Work Manager's salary  
(A) Loading charges (B) Rent and rates (C) Advertisement (D) Work Manager's salary
- Any change in the relationship of existing partners that results in the termination of the existing agreement and necessitates the formation of a new agreement is referred to as:  
(A) Retirement of partner (B) Restructuring of partnership  
(C) Death of a partner (D) Reconstitution of partnership
- A and B are partners in a firm sharing profits and losses in the ratio of 1:1. C is admitted. A surrenders  $\frac{1}{4}$ <sup>th</sup> share and B surrenders  $\frac{1}{5}$ <sup>th</sup> of his share in favour of C. Calculate the new profit sharing ratio.  
(A) 15 : 16 : 9 (B) 1 : 3 : 6 (C) 5 : 4 : 3 (D) 15 : 4 : 12
- Mr. Sahil and Mrs. Vanita were in partnership, sharing profits and losses in the proportion of 3:1 respectively. Amount of general reserve available is ₹ 8,000. What will be the amount of reserve by which Mrs. Vanita's capital account will be credited?  
(A) ₹ 8,000 (B) ₹ 6,000 (C) ₹ 2,000 (D) ₹ 4,000
- Calculate average profit from the following data:

Year	Profit
2014-15	14,000
2015-16	15,500
2016-17	10,000
2017-18	16,000
2018-19	15,000
<b>Total Profit</b>	<b>70,500</b>

- (A) ₹ 14,100 (B) ₹ 3,52,500 (C) ₹ 28,200 (D) ₹ 42,300





11. Which account is credited when an unrecorded asset is brought into business?  
 (A) Revaluation Account (B) Balance Sheet  
 (C) Trading Account (D) Partners capital Account
12. Arvind and Bhavne are partners in a business sharing profits and losses in the ratio of 7: 3 respectively. They admit Kumar as a new partner. Arvind sacrificed  $1/7^{\text{th}}$  share of his profit and Bhavne sacrificed  $1/3^{\text{rd}}$  of his share in favour of Kumar. The new profit sharing ratio of Arvind, Bhavne and Kumar will be:  
 (A) 1:2:3 (B) 3:2:1 (C) 3:1:1 (D) 3:1:2
13. Pass necessary journal entry if new partner brings share of his/her goodwill of ₹ 10,000 in cash.  
 (A)

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Goodwill A/c To Cash A/c (Being goodwill brought in cash)	Dr.	10,000	10,000

(B)

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Cash A/c To Goodwill A/c (Being goodwill brought in cash)	Dr.	10,000	10,000

(C)

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Cash A/c To Old partner's capital A/c (Being goodwill brought in cash)	Dr.	10,000	10,000

(D)

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Old partner's capital A/c To Goodwill A/c (Being goodwill brought in cash distributed among old partners)	Dr.	10,000	10,000

14. Vinod, Vijay and Vishal are partners in a firm, sharing profit & losses in the ratio 3 : 2 : 1. Vishal becomes insolvent and his capital deficiency is ₹ 6,000. Distribute the capital deficiency among the solvent partners.  
 (A) Vinod = ₹ 3,600 and Vijay = ₹ 2,400 (B) Vinod = ₹ 2,400 and Vijay = ₹ 3,600  
 (C) Vinod = ₹ 3,000 and Vijay = ₹ 3,000 (D) Vinod = ₹ 4,000 and Vijay = ₹ 2,000
15. What will be the accounting treatment of reserves and surplus at the time of the death of a partner?  
 (A) Debited to deceased partner's capital account (B) Credited to deceased partner's capital account  
 (C) Debited to all partner's capital account (D) Credited to all partner's capital account
16. The adjusted capital is ₹ 1,00,000. The profit sharing ratio between X and Y is 3 : 2. The current capital of X and Y is ₹ 40,000 and ₹ 75,000 respectively. Amount of capital to be brought or withdrawn so that the capital of partners is in their profit sharing ratio:  
 (A) X to bring in ₹ 60,000 whereas Y has to bring ₹ 25,000.  
 (B) X to bring in ₹ 20,000 whereas Y has to withdraw ₹ 35,000.  
 (C) X to withdraw in ₹ 20,000 whereas Y has to bring ₹ 35,000.  
 (D) X to withdraw in ₹ 60,000 whereas Y has to bring ₹ 40,000.
17. If the surplus on adjustment of capital is paid back to partner, Partner's Capital / Current Account is \_\_\_\_\_.  
 (A) Debited (B) Credited (C) Added (D) Equal



18. When a firm is dissolved, the proceeds from the sale of its assets are distributed first to:  
 (A) Outside Creditors (B) Partner's loan advanced to firm  
 (C) Partner's salary and commissions (D) Partner's outstanding capital
19. What will be journal entry when assets are transferred to Realisation A/c?  
 (A)

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Realisation A/c To Sundry Assets (Being Sundry Assets transferred to Realisation A/c)	Dr.	XXX	XXX

(B)

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Sundry Assets To Realisation A/c (Being Sundry Assets transferred to Realisation A/c)	Dr.	XXX	XXX

(C)

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Revaluation A/c To Sundry Assets (Being Sundry Assets transferred to Revaluation A/c)	Dr.	XXX	XXX

(D)

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Profit and Loss A/c To Sundry Assets (Being Sundry Assets transferred to Profit and Loss A/c)	Dr.	XXX	XXX

20. Gain ratio is equal to:  
 (A) New Ratio – Old Ratio (B) Old Ratio – Sacrificing Ratio  
 (C) New Ratio – Sacrificing Ratio (D) Sacrificing Ratio – New Ratio
21. Dynamic Ltd issued 1,000, 10%, Non-convertible debentures of ₹ 100 at 8% premium: In this case 10% represents:  
 (A) Rate of interest (B) Discount rate (C) Rate of dividend (D) Premium rate
22. Which of the following shares are usually issued by the company to its existing shareholders at a discounted price?  
 (A) Employee Stock Option (B) Bonus  
 (C) Sweat equity (D) Right
23. If the share of ₹ 100 on which ₹ 80 has been called up is forfeited, then it can be reissued at the minimum price of:  
 (A) ₹ 20 (B) ₹ 100 (C) ₹ 80 (D) ₹ 120
24. The debentures whose principal amount is not repayable by the company during their life are known as:  
 (A) Registered debentures (B) Irredeemable debentures  
 (C) Redeemable debentures (D) Unsecured debentures
25. Assertion (A): A loan from the wife of a partner is transferred to the realisation account.  
 Reason (R): A loan from a partner's wife is an external liability for the firm.  
 (A) Both Assertion and Reason are true and Reason (R) is the correct explanation of Assertion (A)  
 (B) Both Assertion and Reason are true and Reason (R) is not the correct explanation of Assertion (A)  
 (C) Assertion (A) is True but Reason (R) is False  
 (D) Assertion (A) is False but Reason (R) is True



I. Based on the following extracts, answer the questions from 26 to 30.

Balance Sheet as on 1<sup>st</sup> April, 2018

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Subscription received in advance for 2018-19		20,000	Outstanding subscription 2016-17 2017-18	26,000 35,000	61,000

Receipts and Payments Account for the year ended 31<sup>st</sup> March, 2019

Dr.	Amount ₹	Amount ₹	Cr.	Amount ₹	Amount ₹
To Subscriptions 2016-17 2017-18 2018-19 2019-20	23,000 30,000 4,10,000 21,000	4,84,000			

Adjustments:

Outstanding subscription for 2018-19 is ₹ 32,000.

26. Which of the following statements is true regarding outstanding subscription for the current year?
  - (A) It will be shown on liability side of balance sheet.
  - (B) It will be shown on asset side of balance sheet.
  - (C) It will be recorded in Receipt and Payment account.
  - (D) It is considered as pre received income for a business organisation.
27. The total amount that will be added to the current year's subscription will be:
  - (A) ₹ 20,000
  - (B) ₹ 32,000
  - (C) ₹ 61,000
  - (D) ₹ 52,000
28. Total outstanding subscriptions as on 31<sup>st</sup> March, 2019 will be:
  - (A) ₹ 32,000
  - (B) ₹ 40,000
  - (C) ₹ 53,000
  - (D) ₹ 21,000
29. Amount of outstanding subscription for the year 2016-17 will be:
  - (A) ₹ 26,000
  - (B) ₹ 23,000
  - (C) ₹ 3,000
  - (D) ₹ 49,000
30. What will be total amount of liability as on 31<sup>st</sup> March, 2019?
  - (A) ₹ 21,000
  - (B) ₹ 40,000
  - (C) ₹ 20,000
  - (D) ₹ 26,000
31. Galaxy Ltd. acquired assets of ₹ 6 lakhs and took over creditors of ₹ 50,000 from Dynamic Ltd. Galaxy Ltd. issued 10% debentures of ₹ 100 each at a premium of 10% as purchase consideration. What will be number of debentures issued?
  - (A) 5,000
  - (B) 6,000
  - (C) 5,500
  - (D) 6,500
32. Current Ratio =  $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ .
  - (A) Quick Assets
  - (B) Quick Liabilities
  - (C) Current Assets
  - (D) Fixed assets
33. Which of the following statements is not true regarding comparative financial statement?
  - (A) Comparative statement compares financial data at two points of time.
  - (B) It helps in deriving the meaning and conclusions regarding the changes in financial positions and operating results.
  - (C) It includes comparative balance sheet and comparative income statement.
  - (D) Comparative Income statement as on two or more different dates can be used for comparing assets and liabilities and finding out any increase or decrease in those items.



34. From the following information, what will be the amount of cost of goods sold?  
Opening Stock ₹ 8,00,000; Purchases ₹ 18,00,000; Closing Stock ₹ 6,50,000; Wages ₹ 1,20,000;  
Power and Fuel ₹ 50,000  
(A) ₹ 18,00,000 (B) ₹ 21,20,000 (C) ₹ 6,50,000 (D) ₹ 1,70,000
35. Which of the following is the correct classification of the assets of a business organisation?  
(A) Non-current and current (B) Fixed and working  
(C) Tangible and intangible (D) Short term and long term
36. In case of Partly Convertible Debentures, convertible portion is classified as \_\_\_\_\_.  
(A) Equity (B) Debentures (C) Preference shares (D) Stock
37. From the following information calculate the quick assets of the company.  
Current Ratio is 3 : 1; Current Liabilities ₹ 2,50,000; Inventory ₹ 2,20,000; Prepaid Expenses ₹ 30,000  
(A) ₹ 7,50,000 (B) ₹ 5,00,000 (C) ₹ 2,50,000 (D) ₹ 2,20,000
38. What will be the value of Bank overdraft if?  
Current Liabilities = ₹ 5,50,000  
Quick Liabilities = ₹ 3,50,000  
(A) ₹ 3,50,000 (B) ₹ 5,50,000 (C) ₹ 2,00,000 (D) ₹ 9,00,000
39. As per AS-3, Cash and Cash Equivalents include the following, except:  
(A) Cash in hand (B) Demand deposits with banks  
(C) Short-term highly liquid investments (D) Bank overdrafts
40. DBMS is an abbreviation of:  
(A) Data Base Management System (B) Data Basic Management System  
(C) Dual Book Management System (D) Data Base Management Software
41. Which of the following is not a cash inflow from investing activities?  
(A) Cash advances and loans made to third party.  
(B) Cash receipt from disposal of fixed assets including intangibles.  
(C) Cash receipt from the repayment of advances or loans made to third parties (except in case of financial enterprise).  
(D) Interest received in cash from loans and advances.
42. The small businesses which do not have big budget for accounting packages can use a \_\_\_\_\_ accounting software.  
(A) Ready-to-Use (B) Customized (C) Open Source (D) Tailored
43. Galaxy Ltd has its net profit as ₹ 1,00,000 and amount of opening debtor is ₹ 20,000 and closing debtor is ₹ 40,000. What will be cash flow from operating activity?  
(A) ₹ 1,00,000 (B) ₹ 1,20,000 (C) ₹ 1,60,000 (D) ₹ 80,000
44. Which of the following is not a purpose of spread sheet?  
(A) Calculation of data (B) Recording of data  
(C) Classification and comparison of data (D) Security of data
45. Find the odd one out.  
(A) Tally ERP9 (B) Miracle (C) Busy (D) GNU Khata

**II. Based on the following information, answer the questions from 46 to 50**

The subscribed capital of Parag Limited is 30,000 equity shares of ₹ 100 each and 50,000 preference shares of ₹ 100 each. On both of these shares ₹ 80 per share were called-up.

The directors forfeited 500 equity shares held by Ashish who failed to pay first and second call of each ₹ 20 per share. They also forfeited 500 preference shares of Ashok who failed to pay ₹ 20 per share on allotment, ₹ 20 per share on first call and ₹ 20 per share on second call.

The directors re-issued these forfeited shares of Ashish at ₹ 60 per share, ₹ 80 paid up and those of Ashok at ₹ 72 per share, ₹ 80 paid up. All re-issued shares were taken up by Anagha.



46. What is the amount that will be transferred to Equity Share Forfeiture account in case of non-payment of first and second call of Ashish?  
(A) ₹ 20,000 (B) ₹ 10,000 (C) ₹ 40,000 (D) ₹ 25,000
47. What is the amount that will be transferred to Preference Share Forfeiture account in case of non-payment of allotment money, first call and second call money of Ashok?  
(A) ₹ 20,000 (B) ₹ 10,000 (C) ₹ 40,000 (D) ₹ 30,000
48. Consider the following statements regarding forfeiture of shares.
- When shares are forfeited the share capital is debited with the amount called up to the date of forfeiture.
  - Where the forfeited shares are originally issued at premium and premium on forfeited shares has already been received, then Share Premium Account will not be debited.
  - The directors can reissue the forfeited shares only at premium.
- Which of the above statement is true?  
(A) Only i and ii (B) Only i and iii  
(C) Only ii and iii (D) All statements are correct
49. What will be the journal entry for receiving the amount on account of the re-issuance of forfeited shares of Ashish?  
(A)

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c Equity Share Forfeiture A/c To Equity Share Capital A/c (Being re-issue of 500 forfeited equity shares @ ₹ 60 per share, ₹ 80 per share paid up, due and received)	Dr. Dr.	30,000 10,000	40,000

(B)

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c To Equity Share Capital A/c (Being re-issue of 500 forfeited equity shares @ ₹ 60 per share, ₹ 80 per share paid up, due and received)	Dr.	40,000	40,000

(C)

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c Equity Share Application A/c To Equity Share Capital A/c (Being re-issue of 500 forfeited equity shares @ ₹ 60 per share, ₹ 80 per share paid up, due and received)	Dr. Dr.	30,000 10,000	40,000

(D)

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c Preference Share Capital A/c To Equity Share Capital A/c (Being re-issue of 500 forfeited equity shares @ ₹ 60 per share, ₹ 80 per share paid up, due and received)	Dr. Dr.	30,000 10,000	40,000

50. What is the amount of balance of share forfeiture account that will be transferred to capital reserve?  
(A) ₹ 16,000 (B) ₹ 10,000 (C) ₹ 6,000 (D) ₹ 20,000

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Practice Paper – 01

1. (C)

Current value of Closing stock = ₹ 30,000

This is undervalued by 10%.

$$\therefore \text{Actual value of closing stock} \times \frac{90}{100} = \text{Current value}$$

$$\begin{aligned} \text{Actual value of Closing stock} &= \text{current value} \times \frac{100}{90} \\ &= 30,000 \times \frac{100}{90} = ₹ 33,333 \end{aligned}$$

2. (C)

3. (D)

4. (C)

Particulars	Amount ₹
Subscription received during the year	₹ 50,000
Less: Subscription pertaining to last year	₹ 5,000
Add: Subscription outstanding at the end of the year	₹ 5,000
Less: Subscription in advance of next year	₹ 2,000
Subscription income for the year	₹ 48,000

5. (C)

Net Profit before Commission = ₹ 4,40,000

Commission to C = Net Profit 10% after charging commission

Commission to C = Net Profit  $\times$  Rate/100 + Rate

$$= 4,40,000 \times \frac{10}{100} + 10$$

$$= 4,40,000 \times \frac{10}{110}$$

$$= ₹ 40,000$$

6. (D)

7. (D)

8. (A)

Old Ratio of A and B = 1 : 1 or  $\frac{1}{2} : \frac{1}{2}$

$$\text{A's sacrifice} = \frac{1}{2} \times \frac{1}{4} = \frac{1}{8}$$

$$\text{B's Sacrifice} = \frac{1}{2} \times \frac{1}{5} = \frac{1}{10}$$

C's Share = A's Share + B's Share

$$= \frac{1}{8} + \frac{1}{10} = \frac{5}{40} + \frac{4}{40} = \frac{9}{40}$$

New Ratio = Old Ratio – Sacrifice Ratio

$$\text{A's New Share} = \frac{1}{2} - \frac{1}{8} = \frac{4-1}{8} = \frac{3}{8}$$

$$\text{B's New Share} = \frac{1}{2} - \frac{1}{10} = \frac{5-1}{10} = \frac{4}{10}$$

$$\text{New Ratio of A, B and C} = \frac{15}{40} : \frac{16}{40} : \frac{9}{40} = 15 : 16 : 9$$



9. (C)

Amount of general reserve available is ₹ 8,000.

Profit sharing ratio = 3 : 1

Share of Mrs. Vanita = ₹ 8,000 × 1/4

Share of Mrs. Vanita = ₹ 2,000

10. (A)

Average = Total profit/ Number of years

= ₹ 70,500/5

= ₹ 14,100

11. (A)

12. (C)

13. (B)

14. (A)

Capital deficiency of Vishal – ₹ 6,000

Profit Sharing Ratio of Vinod and Vijay – 3: 2

Capital deficiency borne by Vinod =  $6,000 \times \frac{3}{5} = ₹ 3,600$

Capital deficiency borne by Vijay =  $6,000 \times \frac{2}{5} = ₹ 2,400$

15. (D)

16. (B)

Total capital of firm = ₹ 1,00,000

This capital is to be in profit sharing ratio of X and Y i.e. 3 : 2.

The share of capital of partners will be as below :

X's share in capital = ₹ 1,00,000 ×  $\frac{3}{5} = ₹ 60,000$

Y's share in capital = ₹ 1,00,000 ×  $\frac{2}{5} = ₹ 40,000$

Amount to be brought in or withdrawn by partners:

Particulars	X	Y
Current capital	₹ 40,000	₹ 75,000
Required new capital	₹ 60,000	₹ 40,000
Amount to be withdrawn	–	₹ 35,000
Amount to be brought	₹ 20,000	–

X is supposed to bring in ₹ 20,000 whereas Y has to withdraw ₹ 35,000.

17. (A)

18. (A)

19. (A)

20. (A)

21. (A)

22. (D)

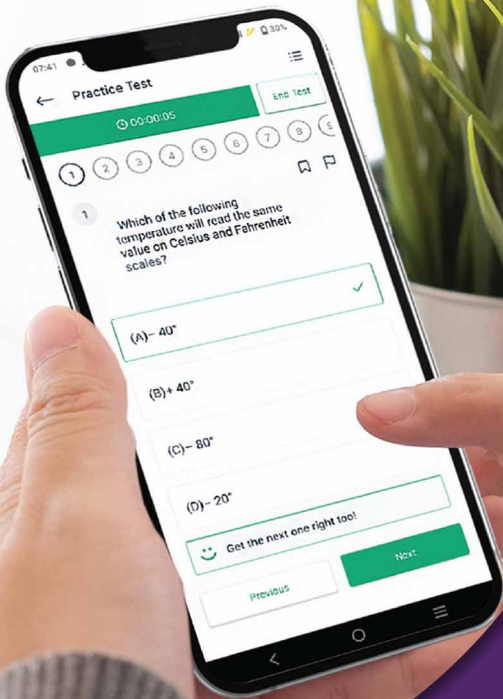
23. (A)

24. (B)

25. (A)

26. (B)





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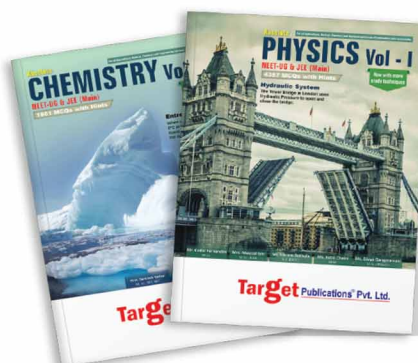
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