

CUET 2026 Accountancy May 13 Shift 1

Question Paper (Memory-Based) with Solutions

Conducted by National Testing Agency (NTA)



General Instructions

- (i) The examination will be conducted in Computer-Based Test (CBT) mode.
- (ii) Each question carries +5 marks for correct answer and -1 mark for wrong answer.
- (iii) The total number of questions are 50.
- (iv) Duration of the exam is 1 hour (60 minutes).

1. In the books of a partnership firm maintaining fluctuating capital accounts, which of the following appropriations or adjustments would result in a credit to the Partners' Current Accounts?

- (A) Interest allowed on partners' capitals
- (B) Remuneration, salary or commission payable to partners
- (C) Share of divisible profits transferred to partners
- (D) All of the above items

Correct Answer: (D) All of the above items

Solution:

Step 1: Understanding the Question:

The question asks which items are credited to Partners' Current Accounts in the books of a partnership firm.

Step 2: Key Formula or Approach:

Items that increase the amount payable to partners are credited to their Current Accounts. These generally include:

- Interest on Capital
- Salary or Commission to Partners
- Share of Profit

Step 3: Detailed Explanation:

(A) Interest allowed on partners' capitals

Interest on capital is an expense for the firm and income for the partner. Hence, it is credited to the partner's account.

(B) Remuneration, salary or commission payable to partners

These are amounts payable to partners and therefore credited to their accounts.

(C) Share of divisible profits transferred to partners

Profit distributed among partners increases their claim on the firm, so it is also credited.

Since all the above items are credited to Partners' Current Accounts:

Step 4: Final Answer:

The correct answer is:

(D) All of the above items

Quick Tip: Any item that increases the partner's entitlement from the firm is credited to the partner's capital/current account.

2. On the basis of the following data, final payment to a partner on firm's dissolution will be:
Debit balance of Capital Account of the partner was 50,000. Share of profit on realisation was 1,00,000. Firm's liability taken over by him was for 8,000.

- (A) 32,000
- (B) 58,000
- (C) 42,000
- (D) 52,000

Correct Answer: (B) 58,000

Solution:

Concept: During the dissolution of a partnership firm, the final payment to a partner is determined by adjusting their capital account balance with their share of realisation profit or loss and any liabilities of the firm they have personally taken over.

Step 1: Identify the starting balance and adjustments

According to the data provided:

- **Opening Balance (Debit):** 50,000 (A debit balance represents an amount the partner owes to the firm).
- **Share of Realisation Profit:** 1,00,000 (This increases the partner's capital).
- **Liability Taken Over:** 8,000 (When a partner takes over a firm's liability, their capital account is credited).

Step 2: Calculate the final settlement amount.

The final payment is calculated as follows:

$$\text{Final Payment} = (\text{Realisation Profit} + \text{Liability Taken Over}) - \text{Debit Balance of Capital}$$

$$\text{Final Payment} = (1,00,000 + 8,000) - 50,000$$

$$\text{Final Payment} = 1,08,000 - 50,000 = 58,000$$

Quick Tip: Always treat a "Debit Balance" in a capital account as a negative number when calculating final payments. Conversely, "Profit" and "Liabilities Taken Over" act as additions to the partner's claim.

3. On dissolution of a firm, an unrecovered furniture of book value 5,000 was taken by a partner for 4,300 against payment. Which Account will be debited and by how much amount?

- (A) Cash Account by 5,000.
- (B) Realisation Account by 700.
- (C) Partner's Capital Account by 5,000.
- (D) Realisation Account by 4,300.

Correct Answer: (B) Realisation Account by 700.

Solution:

Step 1: Understanding the Question:

On dissolution of a partnership firm, furniture having a book value of Rs.5,000 was taken over by a partner for Rs.4,300. We need to identify which account will be debited and by what amount.

Step 2: Key Formula or Approach:

During dissolution:

- Assets transferred to Realisation Account at book value.
- When a partner takes over an asset, the Partner's Capital Account is debited with the agreed value.

Journal entry:

Partner's Capital A/c Dr.

To Realisation A/c

with the agreed takeover value.

Step 3: Detailed Explanation:

Furniture book value:

Rs. 5,000

Taken over by partner for:

Rs. 4,300

Entry passed:

Partner's Capital A/c Dr. 4,300

To Realisation A/c 4,300

The difference between book value and takeover value:

$$5000 - 4300 = 700$$

This represents a loss on realisation, which will ultimately be transferred through the Realisation Account. Thus, Realisation Account bears a loss of Rs.700.

Step 4: Final Answer:

The correct option is:

(B) Realisation Account by Rs.700

Quick Tip: When an asset is taken over by a partner during dissolution, the partner's capital account is debited with the agreed value, and any difference from book value results in profit or loss in the Realisation Account.

4. Sarvesh, Sriniketan and Srinivas are partners in the ratio of 5 : 3 : 2. If Sriniketan's share of profit at the end of the year amounted to 1,50,000, what will be Sarvesh's share of profits?

- (A) 5,00,000.
- (B) 1,50,000.
- (C) 3,00,000.
- (D) 2,50,000.

Correct Answer: (D) 2,50,000.

Solution:

Concept: The profit-sharing ratio determines how the total divisible profit is distributed among partners. If the share of one partner is known, the total profit or the share of any other partner can be calculated based on their respective proportions in the ratio.

Step 1: Identify the given ratio and values.

Profit Sharing Ratio (Sarvesh : Sriniketan : Srinivas): 5 : 3 : 2.

Sriniketan's Share of Profit: 1,50,000.

Sriniketan's Proportion in Ratio: 3 parts out of 10 ($5 + 3 + 2 = 10$).

Step 2: Calculate the value of one part of the ratio.

Since 3 parts equal 1,50,000:

$$\text{Value of 1 part} = \frac{1,50,000}{3} = 50,000$$

Step 3: Calculate Sarvesh's share of profits.

Sarvesh's proportion in the ratio is 5 parts:

$$\text{Sarvesh's Share} = 5 \text{ parts} \times 50,000$$

$$\text{Sarvesh's Share} = 2,50,000$$

Quick Tip: To find a partner's share quickly: (Known Share ÷ Known Ratio Part) × Target Ratio Part.
For this problem: $(1,50,000 \div 3) \times 5 = 2,50,000$.

5. Ram, Manohar and Joshi were partners in a firm. Joshi died on 28th February, 2018. His share of profit from the closure of the last accounting year till the date of death was to be calculated on the basis of the average of three completed years of profits before death. Profits for 2015, 2016 and 2017 were Rs. 8,000, Rs. 9,000, and Rs. 10,000 respectively. Firm follows calendar year as accounting year. Calculate Joshi's share of profit till his death.

- (A) Rs. 500/-
- (B) Rs. 3000/-
- (C) Rs. 4500/-
- (D) Rs. 2,750/-

Correct Answer: (A) Rs. 500/-

Solution:

Concept: When a partner dies during an accounting year, their share of profit for the period they were alive (from the start of the year to the date of death) must be calculated. This is often done on a Time Basis using the average profit of previous years.

Step 1: Calculate the Average Profit.

the profits for the three completed years are Rs. 8,000, Rs. 9,000, and Rs. 10,000.

$$\text{Average Profit} = \frac{8,000 + 9,000 + 10,000}{3} = \frac{27,000}{3} = \text{Rs. } 9,000$$

Step 2: Calculate the Estimated Profit for the period before death.

The firm follows a calendar year (January to December). Joshi died on 28th February, meaning he worked for 2 months (January and February) in 2018.

$$\text{Profit for 2 months} = \text{Average Profit} \times \frac{2}{12}$$

$$\text{Profit for 2 months} = 9,000 \times \frac{1}{6} = \text{Rs. } 1,500$$

Step 3: Calculate Joshi's Share of Profit.

Since no specific profit-sharing ratio is mentioned for Ram, Manohar, and Joshi, they are assumed to be equal partners (1 : 1 : 1).

$$\text{Joshi's Share} = 1,500 \times \frac{1}{3} = \text{Rs. } 500$$

Quick Tip: In the absence of a partnership deed or specified ratio, always assume partners share profits and losses equally. Also, ensure you calculate the time period correctly based on the firm's accounting year (Calendar vs. Financial).

6. If a company fails to receive minimum subscription within 120 days from the date of issue of the prospectus, in how many days should company refund the amount of application money from the date of issue of Prospectus?

- (A) 150 days
- (B) 230 days
- (C) 130 days
- (D) 120 days

Correct Answer: (C) 130 days

Solution:

Concept: Minimum subscription is the minimum amount of capital that a company must receive from the public through applications before it can proceed with the allotment of shares. This is a legal safeguard to ensure the company has enough funds to carry out its basic operations.

Step 1: Understanding the statutory timeline for refunds.

there are specific rules governing the failure to meet this minimum requirement:

- **Deadline for Subscription:** A company must receive the minimum subscription within 120 days from the date of issue of the prospectus.
- **Refund Period:** If the company fails to receive this amount within the 120-day window, it must refund the entire application money received.
- **Final Deadline:** According to Section 39 of the Companies Act, if the minimum subscription is not met, the application money must be repaid within 130 days from the date of issue of the prospectus.

Failure to refund the amount within this 130-day period (10 days after the subscription window closes) makes the directors liable to repay the money with interest.

Quick Tip: To remember the timeline:

- 120 days is the "waiting" period to see if the money comes in.
- 10 days more (Total 130) is the "grace" period to return the money to investors if the target wasn't met.

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

- A. the price of any property purchased, or to be purchased, which has to be met wholly or partly out of the proceeds of issue;
- B. preliminary expenses payable by the company and any commission payable in connection with the issue of shares
- C. working capital;
- D. any other expenditure required for the usual conduct of business operations

Choose the correct answer from the options given below: (A) A, (B and D

(B) A, B and C

(C) A, B, C and D

(D) B, C and D

Correct Answer: (C) A, B, C and D

Solution:

Concept: Minimum subscription is the minimum amount of capital that a company must receive through a public issue before it can proceed with the allotment of shares. This requirement exists to ensure the company has sufficient funds to cover its foundational and immediate operational costs.

Step 1: Analyze the components . According to the Companies Act, the minimum subscription amount must be sufficient to cover the following:

- **Asset Acquisition (A):** Payment for property already purchased or to be purchased to set up operations.
- **Initial Expenses (B):** Payment of preliminary expenses (like registration fees) and underwriting commissions or brokerage fees for the share issue.
- **Liquidity (C):** Ensuring enough working capital is available to fund day-to-day business cycles.
- **General Operations (D):** Any other essential expenditure required to maintain the usual conduct of business.

Step 2: Conclusion.

Since all four points (A, B, C, and D) represent the core needs that directors must consider when determining the minimum subscription amount, the correct choice is (c).

Quick Tip: To remember this concept, think of "Minimum Subscription" as the Survival Fund. A company isn't allowed to start its journey if it hasn't collected enough money to pay for its "house" (Property), its "setup fees" (Preliminary expenses), and its "monthly bills" (Working capital).

8. Astha Cranky Ltd. purchased assets of the value of 3,60,000 from Anand Ltd. and made the payment of purchase consideration by issuing 11% Debentures of 100 each at a discount of 10%. The number of debentures issued by Astha Cranky Ltd. were

- (A) 3,600.
- (B) 36,000.
- (C) 40,000.
- (D) 4,000.

Correct Answer: (D) 4,000.

Solution:

Concept: When a company issues debentures for consideration other than cash (such as for the purchase of assets), the number of debentures to be issued is calculated based on the purchase price and the issue price per debenture.

Step 1: Determine the Issue Price per debenture.

the face value of each debenture is 100 and they are issued at a 10% discount. Face Value: 100 Discount: 10% of 100 = 10 Issue Price: 100 - 10 = 90

Step 2: Calculate the number of debentures issued.

The total purchase consideration to be paid is 3,60,000.

$$\text{Number of Debentures} = \frac{\text{Purchase Consideration}}{\text{Issue Price per Debenture}}$$

$$\text{Number of Debentures} = \frac{3,60,000}{90}$$

$$\text{Number of Debentures} = 4,000$$

Quick Tip: Always remember to use the **Issue Price** (Face Value - Discount or Face Value + Premium) as the denominator, not the Face Value, when calculating the quantity of securities issued for a fixed consideration.

9. Excess value of net assets over purchase consideration at the time of purchase of business is

- (A) Credited to the Capital Reserve.
- (B) Debited to the Goodwill Account.
- (C) Credited to the General Reserve Account.
- (D) Credited to the Vendor's Account.

Correct Answer: (A) Credited to the Capital Reserve.

Solution:

Concept: When one company purchases another business, the price paid is known as the Purchase Consideration. The Net Worth (Net Assets) of the business is calculated as Total Assets — External Liabilities.

Step 1: Analyzing the scenario where Net Assets > Purchase Consideration.

As noted in the handwritten text, when the Net Worth is greater than the Purchase Consideration, the purchasing company has essentially made a "bargain purchase."

- This difference represents a capital gain for the acquiring company because they acquired more value in assets than they paid for in consideration.
- According to accounting principles, such a capital gain is **credited to the Capital Reserve**.

Step 2: Contrast with Goodwill.

If the scenario were reversed (Purchase Consideration > Net Assets), the excess amount paid would be considered a payment for the reputation or brand value of the business and would be **debited to the Goodwill Account**.

Quick Tip: To remember this easily:

- Paying **More** = Buying Reputation (**Goodwill** - Debit).
- Paying **Less** = Making a Profit (**Capital Reserve** - Credit).

10. Abhay, Boris and Chetan were partners in a firm sharing profits in the ratio of 5 : 3 : 2. Boris was guaranteed profit of 95,000. Any deficiency on account of this was to be borne by Abhay and Chetan equally. The firm earned a profit of 2,00,000 for the year ended 31st March, 2023. The amount given by Abhay to Boris as guaranteed amount will be:

- (A) 17,500.
- (B) 35,000.
- (C) 25,000.
- (D) 10,000.

Correct Answer: (A) 17,500.

Solution:

Concept: Guarantee of profit is an assurance given to a partner that they will receive a minimum amount of profit. If their actual share is less than this minimum, the "deficiency" is covered by the guaranteeing partners in an agreed ratio.

Step 1: Calculate Boris's actual share of the firm's profit.

- Total Profit = 2,00,000.
- Profit Sharing Ratio (Abhay : Boris : Chetan) = 5 : 3 : 2.
- Boris's share = $2,00,000 \times \frac{3}{10} = 60,000$.

Step 2: Calculate the total deficiency.

- Guaranteed Profit to Boris = 95,000.
- Actual Share = 60,000.
- Deficiency = $95,000 - 60,000 = 35,000$.

Step 3: Determine the amount borne by Abhay.

- The deficiency is borne by Abhay and Chetan equally (1 : 1).
- Amount given by Abhay = $35,000 \times \frac{1}{2} = 17,500$.

Quick Tip: When solving guarantee questions always calculate the actual share first. The guarantee only "kicks in" if the actual share is lower than the promised amount.