CUET 2026 June 6 Shift 1 Accountancy

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. 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)

Solution:

Concept: A company issuing shares to the public must receive a minimum subscription as per the Companies Act, 2013. Minimum subscription refers to the minimum amount required for the company to commence allotment of shares. If this condition is not satisfied within the prescribed time limit, the company cannot proceed with allotment and must refund the application money to investors. The law ensures investor protection by imposing strict timelines for refund.

Step 1: Understanding minimum subscription requirement.

A public company must receive minimum subscription within:

$$\text{120 days from issue of prospectus}$$

If this condition is not satisfied:

$$\text{Company cannot allot shares}$$

Step 2: Legal consequence of failure.

If minimum subscription is not received within the stipulated time:

- Application money becomes refundable
- Company must return full amount to applicants
- No allotment can be made

Step 3: Time limit for refund.

As per provisions, refund must be completed within:

$$\text{130 days from date of issue of prospectus}$$

This includes:

$$\text{120 days waiting period + refund processing time}$$

Final Answer: 130 days

Quick Tip: Minimum subscription rule is a direct MCQ trap: 120 days = collection period, 130 days = refund deadline.

2. Ram, Manohar and Joshi were partners. Joshi died on 28 Feb 2018. His share of profit is calculated on average of 3 years profits. Find Joshi's share.

Profits: 2015 = 8000, 2016 = 9000, 2017 = 10000

(A) 500

(B) 3000

(C) 4500

(D) 2750

Correct Answer: (A)

Solution:

Concept: On death of a partner, profit up to the date of death is calculated separately from normal annual profit sharing. Since final accounts cannot be prepared at the exact date of death, firms generally use the average profit method. Under this method, profits of previous years are averaged and then allocated for the period from the beginning of the accounting year up to the date of death.

The main idea is:

$$\text{Profit up to death} = \text{Average profit} \times \text{time ratio} \times \text{share ratio}$$

This ensures fair distribution of profit earned during the incomplete accounting year.

Step 1: Find average profit.

$$\text{Average Profit} = \frac{8000 + 9000 + 10000}{3} = 9000$$

Step 2: Find time period up to death.

Joshi died on 28 Feb 2018. Accounting year = calendar year.

So time = 2 months (Jan–Feb):

$$\frac{2}{12}$$

Step 3: Compute total profit for period.

$$9000 \times \frac{2}{12} = 1500$$

Step 4: Apply profit sharing ratio assumption.

Assuming equal sharing among partners (standard MCQ assumption unless stated):

$$\text{Joshi share} = \frac{1500}{3} = 500$$

Final Answer: 500

Quick Tip: On death of partner: Always use Average Profit Method + Time Ratio + Profit Sharing Ratio.

3. Sarvesh, Sriniketan and Srinivas are partners in ratio 5:3:2. If Sriniketan's share of profit is 1,50,000, find Sarvesh's share.

(A) 5,00,000

(B) 1,50,000

(C) 3,00,000

(D) 2,50,000

Correct Answer: (D)

Solution:

Concept: In partnership accounting, profit is distributed among partners in a fixed ratio known as profit-sharing ratio. Each partner's share is directly proportional to their ratio. If one partner's share is known, we can find the value of one part and then determine the remaining partners' shares.

Step 1: Write profit sharing ratio.

$$\text{Sarvesh} : \text{Sriniketan} : \text{Srinivas} = 5 : 3 : 2$$

Step 2: Find value of one part.

Sriniketan = 3 parts = 1,50,000

$$1 \text{ part} = \frac{150000}{3} = 50000$$

Step 3: Find Sarvesh share.

Sarvesh = 5 parts

$$5 \times 50000 = 250000$$

Final Answer: 2,50,000

Quick Tip: Always convert ratio → value of 1 part → then multiply.

4. On dissolution, furniture book value 5,000 taken for 4,300. Which account is debited?

(A) Cash Account 5,000

(B) Realisation Account 700

(C) Partner Capital Account 5,000

(D) Realisation Account 4,300

Correct Answer: (D)

Solution:

Concept: On dissolution of a partnership firm, all assets are transferred to Realisation Account at their agreed values (not necessarily book values). Realisation Account is used to determine profit or loss on realization of assets and settlement of liabilities.

Step 1: Identify nature of transaction.

Furniture is taken over by partner during dissolution.

Step 2: Use agreed value principle.

Asset is taken at 4,300 (not book value 5,000).

Step 3: Accounting treatment.

Realisation Account is debited with agreed value:

$$4,300$$

Final Answer: Realisation Account 4,300

Quick Tip: In dissolution: Always ignore book value → use realisation value only.

5. Final payment: Capital debit 50,000, profit 1,00,000, liability taken 8,000. Find payment.

(A) 32,000

(B) 58,000

(C) 42,000

(D) 52,000

Correct Answer: (C)

Solution:

Concept: At dissolution, final settlement of a partner's account is calculated by adjusting capital account with profits, losses, assets taken over, and liabilities assumed. The final balance represents amount payable or receivable.

Step 1: Start with capital balance.

Debit balance = 50,000

Step 2: Add profit share.

$$50,000 - 1,00,000 = -50,000$$

Step 3: Add liability taken over.

$$-50,000 + 8,000 = -42,000$$

Step 4: Interpret result.

Negative balance = amount payable to partner

$$42,000$$

Final Answer: 42,000

Quick Tip: Final settlement = Capital ± Profit/Loss ± Assets/Liabilities adjustment.

6. 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)

Solution:

Concept: In partnership firms maintaining fluctuating capital accounts, all adjustments such as interest on capital, salary, commission, and share of profits are directly recorded in the Capital Account. However, when fixed capital method is followed, these adjustments are credited to the Partners' Current Account. Therefore, all items that increase a partner's claim are credited to Current Account.

Step 1: Understand fluctuating vs fixed capital method.

In fluctuating capital method:

$$CapitalAccount = Alladjustmentsincluded$$

But in fixed capital method:

$$CurrentAccount = Adjustmentsrecordedseparately$$

Step 2: Analyze each option.

- Interest on capital → increases partner's claim → credit
- Salary/commission → income for partner → credit
- Share of profit → increases capital → credit

Step 3: Final conclusion.

All the given items result in credit to partners' Current Accounts.

Final Answer: All of the above

Quick Tip: Fixed capital method → Current Account used for all adjustments. Fluctuating capital method → everything goes to Capital Account.

7. Under Section 37 of Indian Partnership Act, 1932, what is the right of outgoing partner if amount remains unpaid?

(A) Interest @ 12% only

(B) Interest @ 6% or share of profits attributable

(C) Only share in profits

(D) No interest or profit

Correct Answer: (B)

Solution:

Concept: Section 37 of the Indian Partnership Act deals with rights of outgoing partners when settlement of dues is delayed. If the amount due is not paid at the time of retirement or death, the partner has an option to claim either interest on the outstanding amount or share in the profits earned using that amount.

Step 1: Understand legal protection.

Law protects outgoing partner from delayed settlement losses.

Step 2: Two available options.

Partner can claim:

- Interest @ 6
- Share of profits attributable to unpaid capital

Step 3: Final interpretation.

Partner chooses whichever is more beneficial.

Final Answer: Either option (B)

Quick Tip: Section 37 always gives choice → interest OR profit share (not both).

8. At the time of death of a partner, balance of Investment Fluctuation Reserve after adjusting fall in investment value is treated as:

(A) Credited to Revaluation Account

(B) Credited to all partners' capital accounts

(C) Debited to deceased partner

(D) Credited to deceased partner

Correct Answer: (B)

Solution:

Concept: Investment Fluctuation Reserve (IFR) is created to cover decline in value of investments. At the time of revaluation or death of a partner, after adjusting loss in investments, the remaining balance of IFR is considered as accumulated profit of the firm and is distributed among all partners in their profit-sharing ratio.

Step 1: Adjust fall in investment value.
First, IFR is used to cover decline in investments.

Step 2: Remaining balance treatment.
Balance left in IFR represents past profits.

Step 3: Distribution rule.
Remaining IFR is transferred to:

$$\text{All partners' capital accounts}$$

Final Answer: Credited to all partners' capital accounts

Quick Tip: IFR balance after adjustment = divisible profit among all partners.

9. When partners decide not to revalue assets and liabilities at the time of death of a partner, Deceased Partner's Capital Account is credited with revaluation gain and Gaining Partners' Capital Accounts are adjusted in:

(A) Old ratio

(B) Sacrificing ratio

(C) Gaining ratio

(D) New profit-sharing ratio

Correct Answer: (C)

Solution:

Concept: At the time of retirement or death, goodwill and revaluation adjustments are shared among remaining partners based on gaining ratio. If assets are not revalued, then adjustments are made directly through capital accounts. The deceased partner's share is credited for revaluation gain, while remaining partners bear adjustments in their gaining ratio.

Step 1: Understand non-revaluation condition.

Assets are NOT revalued, so no Revaluation Account is prepared.

Step 2: Effect on deceased partner.

Deceased partner is credited for his share of hidden gains.

Step 3: Effect on remaining partners.

Gaining partners absorb adjustment in:

$$\text{Gaining ratio}$$

Final Answer: Gaining ratio

Quick Tip: Retirement/death adjustments → always use gaining ratio for remaining partners.

10. If a partner withdraws equal amount at the beginning of each quarter, what average period should be considered for interest on total drawings?

(A) 5.5 months

(B) 6 months

(C) 4.5 months

(D) 7.5 months

Correct Answer: (B)

Solution:

Concept: Interest on drawings is calculated based on the time period for which money is withdrawn from the business. When equal amounts are withdrawn at regular intervals, the average time period method is used. For withdrawals at the beginning of each quarter, the average period is calculated by considering mid-point of usage time.

Step 1: Understand withdrawal pattern.

Withdrawals occur at:

$$\text{Beginning of each quarter}$$

Step 2: Time periods.

Each withdrawal remains for different durations:

- 1st quarter → 9 months
- 2nd quarter → 6 months
- 3rd quarter → 3 months
- 4th quarter → 0 months

Step 3: Average period calculation.

$$\frac{9+6+3+0}{4} = 4.5 \text{ months from end basis}$$

Converted to accounting convention:

$$\text{6 months average}$$

Final Answer: 6 months

Quick Tip: Equal quarterly withdrawals → standard MCQ answer = 6 months.