CUET 2026 May 11 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. According to Section 39 of the Partnership Act, 1932, dissolution of partnership between all the partners of a firm is called:

(A) Admission of partner

(B) Reconstitution of firm

(C) Dissolution of firm

(D) Settlement of accounts

Correct Answer: (C) Dissolution of firm

Solution:

Concept: The Indian Partnership Act, 1932 defines various aspects related to partnership firms, including formation, rights, duties, and dissolution.
According to Section 39 of the Partnership Act:

"The dissolution of partnership between all the partners of a firm is called the dissolution of the firm."

This means that when the relationship among all partners comes to an end and the business is completely closed, it is known as dissolution of the firm.

Step 1: Understand the meaning of dissolution of firm.

Dissolution of a firm occurs when:

- Partnership among all partners ends.
- Business activities are discontinued.
- Assets and liabilities are settled.

Thus, complete termination of partnership is called:

$$\boxed{\text{Dissolution of firm}}$$

Step 2: Analyze the remaining options.

Admission of partner

Admission means a new partner joins the existing partnership.

$$\Rightarrow \text{Not correct}$$

Reconstitution of firm

Reconstitution occurs when partners change but the firm continues.

$$\Rightarrow \text{Not correct}$$

Settlement of accounts

Settlement of accounts is only a process carried out after dissolution.

$$\Rightarrow \text{Not correct}$$

Step 3: Identify the correct option.

The option matching the definition under Section 39 is:

$$\boxed{\text{Dissolution of firm}}$$

Hence, the correct answer is:

$$\boxed{(C)}$$

Quick Tip: According to Section 39 of the Indian Partnership Act, 1932:

$$\text{Dissolution of partnership among all partners} = \text{Dissolution of firm}$$

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2. As per Section 464 of the Companies Act, 2013, the maximum prescribed number of partners in a firm is:

(A) 20

(B) 50

(C) 100

(D) 200

Correct Answer: (A) 20

Solution:

Concept: Section 464 of the Companies Act, 2013 places a restriction on the maximum number of persons who can form a partnership without registering as a company.

According to the Act:

$$\text{The maximum number of partners allowed in a partnership firm is 20.}$$

If the number exceeds this limit, the association must generally be registered under the Companies Act.

Step 1: Understand the legal provision.

Section 464 provides that:

- A partnership firm cannot have more than 20 partners.
- Beyond this limit, registration as a company becomes necessary.

Thus:

$$\boxed{20}$$

Step 2: Analyze the remaining options.

50

This exceeds the prescribed legal limit.

$$\Rightarrow \text{Incorrect}$$

100

Not permitted for an ordinary partnership firm.

$$\Rightarrow \text{Incorrect}$$

200

Far beyond the maximum prescribed number.

$$\Rightarrow \text{Incorrect}$$

Step 3: Identify the correct option.

The correct maximum prescribed number is:

$$\boxed{20}$$

Hence, the correct answer is:

$$\boxed{(A)}$$

Quick Tip: Under Section 464 of the Companies Act, 2013:

$$\text{Maximum partners in a firm} = 20$$

(Except certain professional associations governed separately.)

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3. The meaning of "Debentures" is covered under which section of Companies Act, 2013:

(A) Section 2(30)

(B) Section 2(68)

(C) Section 2(71)

(D) Section 2(62)

Correct Answer: (A) Section 2(30)

Solution:

Concept: The Companies Act, 2013 provides definitions of important corporate and financial terms under Section 2.

The term *Debenture* is specifically defined under:

$$\text{Section } 2(30)$$

A debenture generally refers to an instrument acknowledging debt issued by a company.

Step 1: Understand the definition of Debenture.

According to Section 2(30) of the Companies Act, 2013:

Debenture includes debenture stock, bonds, or any other instrument of a company evidencing a debt.

Thus:

$$\boxed{\text{Section } 2(30)}$$

Step 2: Analyze the remaining options.

Section 2(68)

Defines a private company.

$$\Rightarrow \text{Incorrect}$$

Section 2(71)

Defines a public company.

$$\Rightarrow \text{Incorrect}$$

Section 2(62)

Defines one person company.

$$\Rightarrow \text{Incorrect}$$

Step 3: Identify the correct option.

The section covering the meaning of debentures is:

$$\boxed{\text{Section } 2(30)}$$

Hence, the correct answer is:

$$\boxed{(A)}$$

Quick Tip: Remember:

$$\text{Debenture} \rightarrow \text{Section } 2(30)$$

Important nearby sections:

$$2(62) \rightarrow \text{One Person Company}$$

$$2(68) \rightarrow \text{Private Company}$$

$$2(71) \rightarrow \text{Public Company}$$

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4. Ashu and Nisha are partners having Opening Capitals of Rs. 5,00,000 each without a Partnership Deed. Nisha, on 1st June, 2024 introduced further capital of Rs. 1,00,000 and advanced loan of Rs. 1,00,000 to the firm on 1st October, 2024. Interest payable to Nisha will be:

(A) Rs. 39,000

(B) Rs. 36,000

(C) Rs. 3,000

(D) Nil

Correct Answer: (C) Rs. 3,000

Solution:

Concept: In the absence of a Partnership Deed, the provisions of the Indian Partnership Act, 1932 apply.

According to the Act:

- No interest is allowed on partners' capital.

- Interest on partner's loan is allowed at 6% per annum.

Step 1: Calculate interest on additional capital.

Additional capital introduced:

$$Rs.1,00,000$$

Since there is no Partnership Deed:

$$\text{Interest on capital} = 0$$

Thus:

$$\boxed{Rs.0}$$

Step 2: Calculate interest on loan advanced.

Loan advanced on:

$$1^{st}\ \text{October, 2024}$$

Loan amount:

$$Rs.1,00,000$$

Interest rate under Partnership Act:

$$6\%\ \text{per annum}$$

Period from October 1 to March 31:

$$6\ \text{months}$$

Interest:

$$= \frac{1,00,000 \times 6 \times 6}{100 \times 12}$$

$$= Rs.3,000$$

Step 3: Compute total interest payable.

$$\text{Interest on capital} + \text{Interest on loan}$$

$$= 0 + 3,000$$

$$= Rs.3,000$$

Step 4: Identify the correct option.

Thus, the interest payable to Nisha is:

$$\boxed{Rs.3,000}$$

Hence, the correct answer is:

$$\boxed{(C)}$$

Quick Tip: Without a Partnership Deed:

$$\text{Interest on Capital} = 0$$

$$\text{Interest on Partner's Loan} = 6\% \text{ p.a.}$$

under the Indian Partnership Act, 1932.

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5. A and B are partners in a firm sharing profits and losses in the ratio of $1:3$. C was admitted for $\frac{1}{4}$th share of profit. Machinery would be depreciated by 20% (book value Rs.1,00,000) and building would be appreciated by 10% (book value Rs.80,000), unrecorded debtors of Rs.2,000 would be brought in books. What was B's and C's share of revaluation?

(A) Rs.2,500, Rs.7,500

(B) Rs.7,500, Rs.2,500

(C) Rs.7,500, Rs.0

(D) Rs.0, Rs.7,500

Correct Answer: (C) Rs.7,500, Rs.0

Solution:

Concept: At the time of admission of a new partner:

- Revaluation profit or loss is distributed among old partners only.

- The new partner does not get any share in past profits or losses.

Hence, C will not receive any share of revaluation profit.

Step 1: Calculate decrease in value of machinery.

Book value of machinery:

$$Rs.1,00,000$$

Depreciation:

$$20\%$$

Loss on revaluation:

$$= 1,00,000 \times \frac{20}{100}$$

$$= Rs.20,000$$

Step 2: Calculate increase in value of building.

Book value of building:

$$Rs.80,000$$

Appreciation:

$$10\%$$

Gain on revaluation:

$$= 80,000 \times \frac{10}{100}$$

$$= Rs.8,000$$

Step 3: Record unrecorded debtors.

Unrecorded debtors brought into books:

$$Rs.2,000$$

This increases assets, therefore:

$$\text{Gain} = Rs.2,000$$

Step 4: Calculate net revaluation profit/loss.

Total gains:

$$8,000 + 2,000 = Rs.10,000$$

Total losses:

$$Rs.20,000$$

Net result:

$$10,000 - 20,000 = -Rs.10,000$$

Thus, there is a net revaluation loss of:

$$Rs.10,000$$

Step 5: Distribute revaluation loss among old partners.

Old profit-sharing ratio:

$$A : B = 1 : 3$$

Total ratio:

$$1 + 3 = 4$$

B's share:

$$= 10,000 \times \frac{3}{4}$$

$$= Rs.7,500$$

C's share:

$$= Rs.0$$

because C is admitted after revaluation adjustments.

Step 6: Identify the correct option.

Thus:

$$\boxed{\text{B's share = Rs.7,500, C's share = Rs.0}}$$

Hence, the correct answer is:

$$\boxed{(C)}$$

Quick Tip: At the time of admission of a new partner:

$$\text{Revaluation Profit/Loss}$$

is shared only by the old partners in their old profit-sharing ratio.

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6. A, B and C are partners in a firm whose books are closed on March 31st each year. A died on 30th June, 2017 and according to the agreement, the share of profits of a deceased partner up to the date of death is to be calculated on the basis of the average profits for the last five years. The net profits for the last 5 years have been:

$$2013 = Rs.14,000$$

$$2014 = Rs.18,000$$

$$2015 = Rs.16,000$$

$$2016 = Rs.10,000 \text{ (Loss)}$$

$$2017 = Rs.16,000$$

Calculate A's share of profits up to the date of death.

(A) Rs.1,200

(B) Rs.900

(C) Rs.300

(D) None of the above

Correct Answer: (D) None of the above

Solution:

Concept: When a partner dies, his share of profit up to the date of death is calculated according to the partnership agreement.
Here, profit is to be determined on the basis of:

$$\text{Average profit of the last five years}$$

Step 1: Calculate total profits for five years.

$$2013 = Rs.14,000$$

$$2014 = Rs.18,000$$

$$2015 = Rs.16,000$$

$$2016 = -Rs.10,000$$

$$2017 = Rs.16,000$$

Total:

$$14,000 + 18,000 + 16,000 - 10,000 + 16,000$$

$$= Rs.54,000$$

Step 2: Calculate average profit.

$$\text{Average Profit} = \frac{54,000}{5}$$

$$= Rs.10,800$$

Step 3: Calculate profit up to date of death.

A died on:

$$30^{th} \text{ June, } 2017$$

That means profit is required for:

$$3 \text{ months}$$

Thus:

$$10,800 \times \frac{3}{12}$$

$$= Rs.2,700$$

Step 4: Compare with given options.

The calculated amount:

$$Rs.2,700$$

is not among the given options.

Therefore:

$$\boxed{\text{None of the above}}$$

Step 5: Identify the correct option.

Hence, the correct answer is:

$$\boxed{(D)}$$

Quick Tip: For deceased partner's profit:

$$\text{Average Profit} \times \frac{\text{Period}}{12}$$

Remember to treat losses as negative while calculating average profit.

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7. Which of the following is not a characteristic of Bearer Debenture?

(A) They are treated as negotiable instruments.

(B) Their transfer requires a deed of transfer.

(C) They are transferable by mere delivery.

(D) The interest on it is paid to the holder irrespective of identity.

Correct Answer: (B) Their transfer requires a deed of transfer.

Solution:

Concept: Bearer debentures are debentures payable to the bearer (holder) of the certificate.

Ownership is determined simply by possession of the instrument.

Important characteristics of bearer debentures include:

- They are negotiable instruments.
- They are transferable by mere delivery.

- Interest is paid to the holder without verification of identity.

No formal deed of transfer is required.

Step 1: Analyze option (A).

Bearer debentures are treated as negotiable instruments.

$$\Rightarrow \text{Correct characteristic}$$

Step 2: Analyze option (B).

A deed of transfer is generally required for registered debentures, not bearer debentures. Bearer debentures are transferred simply by delivery.

$$\Rightarrow \text{Not a characteristic}$$

Step 3: Analyze option (C).

Bearer debentures can be transferred by:

$$\text{Mere delivery}$$

$$\Rightarrow \text{Correct characteristic}$$

Step 4: Analyze option (D).

Interest is paid to the person holding the debenture certificate regardless of identity.

$$\Rightarrow \text{Correct characteristic}$$

Step 5: Identify the correct option.

The statement that is **not** a characteristic of bearer debentures is:

$$\boxed{\text{Their transfer requires a deed of transfer}}$$

Hence, the correct answer is:

$$\boxed{(B)}$$

Quick Tip: Bearer Debentures:

$$\text{Transfer} \rightarrow \text{By mere delivery}$$

$$\text{Ownership} \rightarrow \text{By possession}$$

No transfer deed is required.

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8. X and Y are partners sharing profits in the ratio of $2:1$. They admit Z into partnership for $\frac{1}{4}$ share in profits for which he brings Rs.20,000 as his share of capital. Hence, the adjusted capitals of X and Y will be:

(A) Rs.40,000 and Rs.20,000 respectively.

(B) Rs.32,000 and Rs.28,000 respectively.

(C) Rs.60,000 and Rs.30,000 respectively.

(D) Rs.20,000 and Rs.40,000 respectively.

Correct Answer: (C) Rs.60,000 and Rs.30,000 respectively.

Solution:

Concept: When a new partner is admitted, the total capital of the firm can be determined on the basis of the capital introduced by the new partner and his share in profits.
The old partners' adjusted capitals are then calculated according to their profit-sharing ratio.

Step 1: Calculate total capital of the firm.

Z brings:

$$Rs.20,000$$

for:

$$\frac{1}{4} \text{ share of profit}$$

Therefore, total capital of the firm:

$$= \frac{20,000}{1/4}$$

$$= Rs.80,000$$

Step 2: Calculate old partners' combined capital.

After admission, Z's capital:

$$Rs.20,000$$

Thus, combined capital of X and Y:

$$80,000 - 20,000$$

$$= Rs.60,000$$

Step 3: Distribute capital between X and Y.

Old profit-sharing ratio:

$$2:1$$

Total ratio:

$$2+1=3$$

Capital of X:

$$60,000 \times \frac{2}{3}$$

$$= Rs.40,000$$

Capital of Y:

$$60,000 \times \frac{1}{3}$$

$$= Rs.20,000$$

Step 4: Identify the correct option.

Thus, adjusted capitals are:

$$\boxed{Rs.40,000 \text{ and } Rs.20,000}$$

Hence, the correct answer is:

$$\boxed{(A)}$$

Quick Tip: To find total capital:

$$\text{Total Capital} = \frac{\text{Capital brought by new partner}}{\text{Share acquired}}$$

Then distribute remaining capital among old partners in their profit-sharing ratio.

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9. Credit Purchases Rs.6,00,000; Trade Payables Turnover Ratio 5 times. Calculate Closing Creditors, if Closing Creditors are Rs.10,000 less than Opening Creditors.

(A) Rs.1,15,000

(B) Rs.1,25,000

(C) Rs.1,30,000

(D) Rs.1,10,000

Correct Answer: (B) Rs.1,25,000

Solution:

Concept: Trade Payables Turnover Ratio is calculated as:

$$\text{Trade Payables Turnover Ratio} = \frac{\text{Credit Purchases}}{\text{Average Trade Payables}}$$

where:

$$\text{Average Trade Payables} = \frac{\text{Opening Creditors} + \text{Closing Creditors}}{2}$$

Step 1: Calculate Average Trade Payables.

Given:

$$\text{Credit Purchases} = Rs.6,00,000$$

$$\text{Trade Payables Turnover Ratio} = 5$$

Thus:

$$5 = \frac{6,00,000}{\text{Average Creditors}}$$

$$\text{Average Creditors} = \frac{6,00,000}{5}$$

$$= Rs.1,20,000$$

Step 2: Form equation using opening and closing creditors.

Let Closing Creditors:

$$= x$$

Given:

Closing Creditors are Rs.10,000 less than Opening Creditors

Therefore:

$$\text{Opening Creditors} = x + 10,000$$

Average creditors:

$$\frac{x + (x + 10,000)}{2} = 1,20,000$$

Step 3: Solve the equation.

$$\frac{2x + 10,000}{2} = 1,20,000$$

$$2x + 10,000 = 2,40,000$$

$$2x = 2,30,000$$

$$x = Rs.1,15,000$$

Step 4: Identify the correct option.

Thus, Closing Creditors:

$$\boxed{Rs.1,15,000}$$

Hence, the correct answer is:

$$\boxed{(A)}$$

Quick Tip: Formula:

$$\text{Trade Payables Turnover Ratio} = \frac{\text{Credit Purchases}}{\text{Average Trade Payables}}$$

and

$$\text{Average Trade Payables} = \frac{\text{Opening} + \text{Closing}}{2}$$

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10. Which of the following tools of 'Analysis of Financial Statements' indicate the trend and direction of financial position and operating results?

(A) Comparative Statement

(B) Common size statements

(C) Cash flow analysis

(D) Ratio Analysis

Correct Answer: (A) Comparative Statement

Solution:

Concept: Comparative financial statements are used to compare financial data of different accounting periods. They help in identifying:

- Trend of financial performance
- Direction of changes
- Growth or decline in financial position
- Changes in operating results over time

Thus, comparative statements are an important tool of financial statement analysis.

Step 1: Understand Comparative Statements.

Comparative statements present:

$$\text{Current Year Data} \quad \text{vs} \quad \text{Previous Year Data}$$

This comparison helps determine:

$$\text{Trend and Direction}$$

of financial performance and financial position.

Thus:

$$\boxed{\text{Comparative Statement}}$$

Step 2: Analyze the remaining options.

Common Size Statements

Used mainly for percentage analysis and structural comparison.

$$\Rightarrow \text{Not mainly for trend direction}$$

Cash Flow Analysis

Shows inflow and outflow of cash.

$$\Rightarrow \text{Not specifically trend analysis}$$

Ratio Analysis

Measures financial efficiency and performance relationships.

$$\Rightarrow \text{Does not directly indicate overall trend direction}$$

Step 3: Identify the correct option.

The tool indicating trend and direction of financial position and operating results is:

$$\boxed{\text{Comparative Statement}}$$

Hence, the correct answer is:

$$\boxed{(A)}$$

Quick Tip: Comparative Statements help in:

$$\text{Trend Analysis}$$

by comparing financial data across multiple years.