ABOUT CUET (UG) EXAM:

The full form of CUET is Common University Entrance Test which is conducted by the National Testing Agency. The CUET exam 2024 is an entrance examination for admission to various undergraduate programs in 44 central universities and over 250 universities throughout the country. CUET UG is being held in over 300 cities in India, using 13 different mediums. The CUET UG examination will be conducted in online mode.

CUET Exam Pattern Highlights

Particulars	Details
Mode of the examination	Hybrid Mode (OMR sheet or Computer Based Test)
Number of Slots	Three
Type of questions	Multiple Choice Questions (MCQs)
CUET UG sections	Section 1 A & B - 33 Language Test Section 2 - 29 Domain Subject Section 3 - General Test
Total No. of Questions	Section 1A- 50 Section 1B- 50 Section 2- 40 or 50 Section 3- 60
Negative marking	Yes
Marking Scheme	+5 for each correct answer, -1 for each incorrect answer

CUET UG Exam Pattern: Section-wise Total Questions and Marks

Candidates appearing for CUET 2025 must know about all the four sections. A brief description for the same is tabulated below.

Section & Subject	Questions Asked	Question to be Answered	Time Duration
Section 1A: Languages	50	40	45 minutes each
Section 1B: Languages	50	40	45 minutes each
Section 2: Domain-specific	50	40	45 minutes each*
Section 3: General Test	60	50	60 minutes

***Except in subjects i.e., Accountancy, Economics, Physics, Computer Science / Informatics Practices, Chemistry, Mathematics / Applied Mathematics and General Test, the duration of the test will be 60 minutes.**

CUET UG Subject List

CUET subject selection is based on the course and university chosen by the candidate for admission. You can check the list of all the subjects offered under CUET UG exam.

Section 1A: Language subjects	Section 1B: Language subjects	Section 2: Domain-specific Subjects
● English ● Hindi ● Assamese ● Bengali ● Gujarati ● Kannada ● Malayalam ● Marathi ● Odia ● Punjabi ● Tamil ● Telugu ● Urdu	● Arabic ● Bodo ● Chinese ● Dogri ● French ● German ● Italian ● Japanese ● Kashmiri ● Konkani ● Maithili ● Manipuri ● Nepali ● Persian ● Russian ● Santhali ● Sindhi ● Spanish ● Tibetan ● Sanskrit	● Accountancy/ Book Keeping ● Agriculture ● Anthropology ● Biology/ Biological Studies/ Biotechnology/ Biochemistry ● Business Studies ● Chemistry ● Environmental Studies ● Computer Science/ Informatics Practices ● Economics/ Business Economics ● Engineering Graphics ● Entrepreneurship ● Fine Arts/ Commercial Arts/ Visual Arts (Sculpture/ Painting) ● Geography/ Geology ● History ● Home Science ● Knowledge Tradition- Practices India ● Legal Studies ● Mass Media/ Mass Communication ● Mathematics/ Applied Mathematics ● Performing Arts ● Physical Education/ NCC/ Yoga ● Physics ● Political Science ● Psychology ● Sanskrit ● Sociology ● Teaching Aptitude

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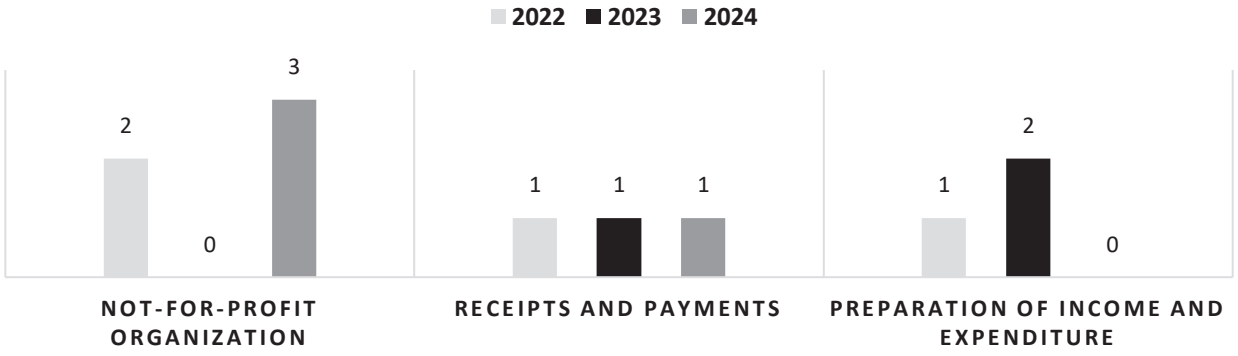
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CHAPTER 1

Accounting Not for Profit Organisation

NUMBER OF QUESTIONS ASKED IN CUET (UG) ACCOUNTANCY



Unit 1.1: Not-for-profit organization: Meaning and Examples

Previous Year Exam Questions

[2022]

1. Identify the steps in preparation of final accounts of not for profit organisation (NPO)

A. Prepare Balance Sheet of NPO
B. Prepare Income and Expenditure Account from Receipts and payment Account
C. Prepare Receipts and payment Account
D. Adjust outstanding/prepaid expenditure/Income and determine surplus/Deficit
E. Prepare cash book

Choose the correct answer from the options given below:

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

[2022]

2. It is the amount-paid to the person who is not the regular employee of the institution.

(1) Wages
(2) Honorarium
(3) Salary
(4) Donation

[OFFLINE 17 May 2024 Shift-3]

3. Libraries run by charitable trusts are an example of:

(1) Partnership
(2) Not for profit organisation
(3) Companies
(4) Cooperatives

[OFFLINE 17 May 2024 Shift-3]

4. The main source of revenue for 'not for profit' organisation is:

(1) Sale of goods
(2) Sale of periodicals
(3) Subscription from members
(4) Sale of assets

[ONLINE 19 July 2024 Shift-1]

5. Match List-I with List-II.

List-I	List-II
(A) Subscription	(I) Revenue income for the year in which it is received
(B) Endowment Fund	(II) Amount received as per the will of the deceased person
(C) Cash subsidy received from the government	(III) Main source of income of Not for Profit organisations
(D) Legacies	(IV) Fund arising from a bequest or gift

Choose the correct answer from the options given below:

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

Answer Key				
1	2	3	4	5
(1)	(2)	(2)	(3)	(4)

Explanation

1. **Correct Answer is (1):-** The correct sequence for preparing the final accounts of a **Not-for-Profit Organisation (NPO)** is:
- **Prepare Cash Book**: Record all cash transactions to summarize cash inflows and outflows.
- **Prepare Receipts and Payment Account**: Summarize cash and bank transactions for the year.
- **Prepare Income and Expenditure Account from Receipts and Payment Account**: Convert cash-based transactions into an accrual-based income and expenditure account.
- **Adjust Outstanding/Prepaid Expenditure/Income and Determine Surplus/Deficit**: Incorporate adjustments to reflect the accurate financial position.
- **Prepare Balance Sheet of NPO**: Prepare the balance sheet to show the financial position at the end of the accounting period.

2. **Correct Answer is (2):-** An **honorarium** is a payment made to a person who is not a regular employee of the institution but has rendered services voluntarily or for a specific purpose. It is often given as a token of appreciation and not as a contractual wage or salary.

3. **Correct Answer is (2):** Charitable trusts operate with the primary objective of serving the community and are categorized as not-for-profit organizations. They do not aim to generate profits but rather focus on educational, cultural, or social welfare goals, such as running libraries, schools, or hospitals.

4. **Correct Answer is (3)**: Not-for-profit organizations primarily rely on membership subscriptions, donations, grants, and fundraising activities as their main sources of revenue. These funds are used to support their operational and charitable activities, rather than generating profits.

5. **Correct Answer is (4):** (A)-(III), (B)-(IV), (C)-(I), (D)-(II).
Subscription: It is the main source of income for Not-for-Profit organizations.
Endowment Fund: It is a fund arising from a bequest or gift, usually set aside for specific purposes.
Cash subsidy received from the government: It is considered revenue income for the year in which it is received.
Legacies: It refers to the amount received as per the will of a deceased person.

COMMON UNIVERSITY ENTRANCE TEST

(CUET-UG)

– PAPER –

ACCOUNTANCY

MOCK TEST

MOCK TEST

1

MOCK TEST

1. Identify the correct steps involved in preparing the Income and Expenditure Account for an NPO.

A. Include only revenue receipts and payments.
B. Ignore capital receipts like loans, donations for building, etc.
C. Include both cash and non-cash items like depreciation.
D. Record only those items that pertain to the current accounting year.

Choose the correct sequence:

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

2. What type of account is the Receipts and Payments Account?

(1) Personal Account (2) Nominal Account
(3) Real Account (4) None of the above

3. Identify the treatment of subscription received in advance for the next year in an NPO's accounts:

(1) Add it to the Income and Expenditure Account
(2) Subtract it from the Income and Expenditure Account
(3) Show it as a liability in the Balance Sheet
(4) Ignore it completely

4. Which of the following is an example of a breach of fiduciary duty by a partner?

(1) A partner competing with the firm's business without disclosure.
(2) A partner advancing loans to the firm at an interest rate.
(3) A partner introducing a new business idea to the firm.
(4) A partner taking their capital contribution back with approval.

5. Which of the following is NOT an expense for the firm?

(1) Partners' salaries
(2) Manager's commission
(3) Office rent
(4) Interest on loans

6. Divisible profit is calculated after deducting:

(1) Partners' salaries
(2) Interest on drawings
(3) Interest on loans
(4) All of the above

7. P, Q, and R share profits in the ratio of 6:4:2. They admit S for a 1/6th share, and the new ratio becomes 3:2:1:1. What is the sacrificing ratio of P, Q, and R?

Options:

(1) 3:2:1 (2) 5:4:2
(3) 2:1:1 (4) 5:3:2

8. What does the sacrificing ratio indicate in partnership accounts?

(1) The share of profits sacrificed by existing partners for the new partner.
(2) The share of profits gained by the retiring partner.
(3) The future profit-sharing ratio of partners.
(4) The total profits of the partnership.

9. In the revaluation account, if the total credits exceed the total debits, the balancing figure is:

(1) Transferred to the new partner's capital account.
(2) Transferred to the Revaluation Reserve.
(3) Distributed among the old partners in the old profit-sharing ratio.
(4) Distributed among all partners in the new profit-sharing ratio.

10. In the event of a partner's retirement, a decrease in the value of assets is:

(1) Credited to the Revaluation Account and distributed among remaining partners.
(2) Debited to the Revaluation Account and shared by all partners in their capital accounts.
(3) Debited to the Revaluation Account and shared by the remaining partners in their new profit-sharing ratio.
(4) Debited to the Revaluation Account and borne solely by the retiring partner.

6. Profits and losses were shared equally among A, B, and C.

46. What is the total amount realized from the sale of assets during dissolution?
(1) 4,15,000 (2) 4,10,000
(3) 4,25,000 (4) 4,45,000

47. What is the total amount paid to settle liabilities during dissolution?
(1) 1,95,000 (2) 2,00,000
(3) 2,05,000 (4) 1,90,000

44. What is the total realization loss, including expenses?
(1) 30,000 (2) 40,000
(3) 35,000 (4) 25,000

49. How much will each partner (A, B, C) bear as their share of realization loss?
(1) 13,333 (2) 20,000
(3) 40,000 (4) 10,000

50. After liabilities and expenses, how much cash is left for distribution among partners?
(1) 2,15,000 (2) 2,50,000
(3) 2,70,000 (4) 3,00,000

Answer Key									
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
(4)	(3)	(3)	(1)	(1)	(1)	(1)	(1)	(1)	(2)
11	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
(4)	(2)	(2)	(1)	(1)	(2)	(2)	(2)	(2)	(2)
21	**22**	**23**	**24**	**25**	**26**	**27**	**28**	**29**	**30**
(4)	(2)	(2)	(3)	(3)	(3)	(3)	(2)	(3)	(1)
31	**32**	**33**	**34**	**35**	**36**	**37**	**38**	**39**	**40**
(4)	(1)	(1)	(4)	(1)	(4)	(3)	(3)	(2)	(2)
41	**42**	**43**	**44**	**45**	**46**	**47**	**48**	**49**	**50**
(4)	(3)	(1)	(2)	(3)	(4)	(1)	(2)	(1)	(4)

EXPLANATION

1. Correct Answer is (4): D, A, C, B

D: Start by recording only those items that pertain to the current accounting year to ensure accurate reporting.

A: Include only revenue receipts and payments relevant to the operations of the NPO.

C: Add both cash and non-cash items like depreciation, as the Income and Expenditure Account is prepared on an accrual basis.

B: Ignore capital receipts like loans, donations for specific purposes (e.g., building construction), as these are not part of revenue activities.

2. Correct Answer is (3): The Receipts and Payments Account records all cash and bank transactions, which are classified under **real accounts**. Real accounts deal with assets, and since this account summarizes cash and bank movements (both assets), it falls under the real account category.

3. Correct answer is (3): Subscription received in advance represents an amount received for services or membership fees pertaining to the next accounting year. Since it does not relate to the current year's income, it is not included in the **Income and Expenditure Account** but is shown as a **liability** in the Balance Sheet under **Current Liabilities**, as it is an obligation to provide services in the future.

4. Correct Answer is (1): Partners have a fiduciary duty to act in the best interest of the firm and avoid conflicts of interest. Competing with the firm's business without informing or obtaining the consent of the other partners constitutes a breach of this duty. Other actions like advancing loans, introducing new ideas, or withdrawing capital with approval do not violate fiduciary responsibilities.

5. Correct Answer is (1): Partners' salaries are not considered an expense for the firm. Instead, they are treated as an appropriation of profit and recorded in the Profit and Loss Appropriation Account. On the other hand, manager's commission, office rent, and interest on loans are treated as expenses and recorded in the Profit and Loss Account.

6. Correct Answer is (1): Divisible profit refers to the profit available for distribution among the partners. It is calculated after deducting **appropriations** such as partners' salaries, interest on capital, and any other entitlements mentioned in the partnership deed.**Interest on drawings** is added to the divisible profit, not deducted.**Interest on loans** is a charge against profit and is deducted in the **Profit and Loss Account**, not in the Profit and Loss Appropriation Account.

7. Correct Answer is (1): The new profit-sharing ratio is given as 3:2:1:1, where S gets 1/6 of the profits.

The total remaining share for P, Q, and R is:= 1−1/6 = 5/6

P, Q, and R share this 5/6 in the ratio 3:2:1:

- P's new share = 5/6×3/6 = 15/36
- Q's new share = 5/6×2/6 = 10/36
- R's new share = 5/6×1/6 = 5/36
- P's sacrifice:
  Old share−New share = 6/12 - 15/36 = 3/36
- Q's sacrifice:
  Old share−New share = 4/12 - 10/36 = 2/36
- R's sacrifice:
  Old share−New share = 2/12 - 5/36 = 1/36

sacrificing ratio is 3:2:1

8. **Correct Answer is (1):** The **sacrificing ratio** in partnership accounts represents the portion of profits that existing partners give up in favor of the new partner when they are admitted to the firm. It is calculated as the difference between the old profit-sharing ratio and the new profit-sharing ratio of the existing partners. This ratio is crucial for determining the amount of compensation or goodwill that the new partner needs to bring into the firm.

9. **Correct Answer is (1):** If the total credits in the revaluation account exceed the total debits, it indicates a gain on revaluation. This gain is distributed among the old partners in their old profit-sharing ratio because it relates to the value changes of assets and liabilities before the new partner's admission. The new partner does not share in the gains or losses that occurred prior to their joining.

10. **Correct Answer is (2):** A decrease in the value of assets during the retirement of a partner represents a loss to the partnership. This loss is debited to the Revaluation Account and shared among all the partners (including the retiring partner) in their old profit-sharing ratio, as it pertains to the period before the retirement. It ensures fair distribution of the loss among those who were part of the firm during that time.

11. **Correct Answer is (4):** Total goodwill = ₹1,50,000
    Number of partners = 3
    Retiring partner's share = 1/3
    Retiring Partner's Share of Goodwill = 150000 × 1/3 = 50000

12. **Correct Answer is (2):** When goodwill is written off in the new partnership, the **Goodwill Account** is credited because the goodwill amount is removed from the books. The corresponding debit is made to the **Capital Accounts** of the partners in their profit-sharing ratio. This ensures that the goodwill's value is properly adjusted in the accounts, reflecting its utilization or write-off.
    The other options are incorrect because:
    Capital Account: It is debited, not credited, when goodwill is written off.
    Profit and Loss Account: It is not involved in writing off goodwill.
    Revaluation Account: It is used to revalue assets and liabilities, not to adjust goodwill directly.

13. **Correct Answer is (2):** On the admission of a new partner, revaluation of assets and liabilities is done to ensure that the firm's balance sheet reflects the current market value of its assets and liabilities. This is important for the following reasons:
    - It ensures that the old partners are not unfairly advantaged or disadvantaged by using outdated values.
    - Any profit or loss arising from the revaluation is adjusted in the old partners' capital accounts in their old profit-sharing ratio, as the new partner is not entitled to these amounts.

    Thus, the primary purpose is to **reflect their current market value**. Other adjustments, such as calculating goodwill or adjusting the new partner's capital, are separate processes.

14. **Correct Answer is (1):** Remaining profit = Total profit - New partner's share
    Remaining profit = 1−1/4 = 3/4

15. **Correct Answer is (1):** Old ratio = 3:2:1
    New ratio = 3:2 (as C retires)
    A's gain = New share − Old share
    = 3/5 - 3/6 = 18/30 - 15/30 = 3/30
    B's gain = 2/5 - 2/6 = 12/30 - 10/30 = 2/30
    Gaining ratio is 3;2
    A's share in goodwill = 120000 × 3/5 = 72000
    B's share in goodwill = 120000 × 2/5 = 48000

16. **Correct Answer is (2):** Balance in deceased partner's capital account = ₹1,00,000
    Goodwill adjustment = ₹20,000
    New Balance= 1,00,000 + 20,000 = 1,20,000
    Share of profit = ₹10,000
    New Balance= 1,20,000 + 10,000 = 1,30,000
    Drawings = (15,000)

CUET UG ACCOUNTANCY MOCK TEST 1

ANSWER SHEET

Name _____

Seat Number

Booklet Code A

Medium E

Marks Obtained

ANSWER COLUMNS

Checked By _____

Q. No.	ANSWER ①	②	③	④
1	○	○	○	○
2	○	○	○	○
3	○	○	○	○
4	○	○	○	○
5	○	○	○	○
6	○	○	○	○
7	○	○	○	○
8	○	○	○	○
9	○	○	○	○
10	○	○	○	○
11	○	○	○	○
12	○	○	○	○
13	○	○	○	○
14	○	○	○	○
15	○	○	○	○
16	○	○	○	○
17	○	○	○	○
18	○	○	○	○
19	○	○	○	○
20	○	○	○	○
21	○	○	○	○
22	○	○	○	○
23	○	○	○	○
24	○	○	○	○
25	○	○	○	○

Q. No.	ANSWER ①	②	③	④
26	○	○	○	○
27	○	○	○	○
28	○	○	○	○
29	○	○	○	○
30	○	○	○	○
31	○	○	○	○
32	○	○	○	○
33	○	○	○	○
34	○	○	○	○
35	○	○	○	○
36	○	○	○	○
37	○	○	○	○
38	○	○	○	○
39	○	○	○	○
40	○	○	○	○
41	○	○	○	○
42	○	○	○	○
43	○	○	○	○
44	○	○	○	○
45	○	○	○	○
46	○	○	○	○
47	○	○	○	○
48	○	○	○	○
49	○	○	○	○
50	○	○	○	○

Note : Roll Number, Subject Code & Centre Code Should Be Filled In the Boxes Using The Pattern Given As :