

CUET Accountancy Quick Notes

Free notes · Class 12 NCERT · Partnership, Company Accounts, Analysis · CUET UG

How to use these notes

★ CUET UG domain paper: 50 compulsory MCQs, 60 minutes, +5 for a correct answer, –1 for a wrong answer, 0 if left blank. Questions are based on the NCERT Class 12 syllabus. You can take up to 5 papers in total.

1. Partnership: the basics

- Partnership is governed by the Indian Partnership Act, 1932.
- Maximum number of partners: 50 (Companies (Miscellaneous) Rules, 2014).
- If there is no partnership deed: profits are shared equally; no interest on capital; no salary or commission to partners; no interest on drawings; interest on a partner's loan at 6% per annum.
- Interest on capital is allowed only out of profits (it is an appropriation, not a charge).

2. Interest on drawings: average period

Equal amount withdrawn ...	Average period (months)
at the beginning of every month	6.5
in the middle of every month	6
at the end of every month	5.5
at the beginning of every quarter	7.5
at the end of every quarter	4.5

3. Goodwill and ratios

Item	Formula
Average profit method	Goodwill = Average profit × Number of years' purchase
Super profit method	Goodwill = Super profit × Number of years' purchase
Capitalisation of average profit	Goodwill = (Average profit × 100/Normal rate) – Capital employed
Sacrificing ratio	Old share – New share (used on admission)
Gaining ratio	New share – Old share (used on retirement/death)

4. Company accounts

- Share capital is governed by the Companies Act, 2013. Securities premium can be used only for purposes listed in Section 52.
- On forfeiture, Share Capital is debited with the called-up amount and the Forfeited Shares account is credited with the amount received.

- The discount on reissue of forfeited shares cannot be more than the amount forfeited on those shares.
- The balance in Forfeited Shares after reissue is transferred to Capital Reserve.

5. Analysis of financial statements

Ratio	Formula
Current ratio	Current assets / Current liabilities (commonly accepted: 2 : 1)
Quick ratio	Quick assets / Current liabilities (commonly accepted: 1 : 1)
Debt-equity ratio	Long-term debts / Shareholders' funds
Inventory turnover	Cost of revenue from operations / Average inventory
Net profit ratio	Net profit / Revenue from operations × 100

Quick check

Q1. A partner withdrew ₹2,000 at the beginning of every month. Interest on drawings is 10% p.a. Find the interest.

Answer: Total drawings ₹24,000 × 10% × 6.5/12 = ₹1,300.

Q2. There is no partnership deed. A partner gave a loan of ₹50,000 to the firm. What interest is allowed?

Answer: 6% p.a., that is ₹3,000 a year.

Q3. Current assets are ₹3,00,000 and current liabilities are ₹1,50,000. Find the current ratio.

Answer: 2 : 1.

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