

# CBSE Class 12 Accountancy

## MODEL QUESTION PAPER – SET 1

### ANSWER KEY

#### ● SECTION A – MCQs (1×20 = 20 Marks)

1. **(b)** Intangible Asset
2. **(b)** Retirement
3. **(b)** Writing off preliminary expenses
4. **(b)** Non-current Liabilities
5. **(b)** Allowed only if mentioned in partnership deed
6. **(c)** AS-3
7. **(c)** Securities Premium
8. **(d)** All of these
9. **(c)** Financing Activity
10. **(c)** Portion of uncalled capital reserved for winding up
11. **(d)** Non-cash transaction
12. **(b)** ₹4,75,000
13. **(b)** Actual profit & Normal profit
14. **(b)** ₹3,00,000
15. **(b)**  $EBIT / CE \times 100$
16. **(c)** Capital ratio (Garner v/s Murray rule)
17. **(c)** Dividend payment
18. **(b)** Non-cash expense
19. **(c)** 2:1
20. **(b)** Gaining ratio

---

#### ● SECTION B – Short Answer (3 Marks Each)

##### 11. New Ratio

Old Ratio = 3 : 2 : 1

C retires.

A gains  $\frac{1}{6}$  from C.

C's share =  $\frac{1}{6}$

A's new share =  $\frac{3}{6} + \frac{1}{6} = \frac{4}{6}$

B's share remains =  $\frac{2}{6}$

New Ratio = **4 : 2 = 2 : 1**

---

## 12. Meaning of Goodwill

**Goodwill** is the value of reputation of a firm which enables it to earn higher profits.

### Two Methods of Valuation:

1. **Average Profit Method**

Goodwill = Average Profit × No. of years purchase

2. **Super Profit Method**

Goodwill = Super Profit × No. of years purchase

---

## 13. Capital Reserve vs Revenue Reserve

Basis	Capital Reserve	Revenue Reserve
Meaning	Created from capital profits	Created from revenue profits
Dividend	Cannot be distributed	Can be distributed
Example	Premium on shares	General reserve

---

## 14. Revaluation Account

(Answer depends on adjustments given in question.)

Format:

Dr. Revaluation A/c Cr.

Increase in liability – Debit

Decrease in asset – Debit

Increase in asset – Credit

Decrease in liability – Credit

Profit/Loss transferred to partners in old ratio.

---

### 15. Cash Flow from Operating Activities

It represents cash generated from normal business operations.

Formula (Indirect Method):

Net Profit

- Non-cash expenses  
± Changes in Working Capital  
= Cash from Operating Activities

---

### 16. Forfeiture of Shares – Accounting Treatment

When a shareholder fails to pay call money:

Entry:

Share Capital A/c Dr  
To Share Allotment A/c  
To Share Call A/c

Amount received is credited to **Share Forfeiture A/c**.

---

## ● SECTION C – Case Based (4 Marks Each)

---

### 17. Case Study 1

Old Ratio = 3 : 2

Z admitted for  $\frac{1}{5}$  share.

Remaining share =  $\frac{4}{5}$

New Ratio:

$$X = \frac{3}{5} \times \frac{4}{5} = \frac{12}{25}$$

$$Y = \frac{2}{5} \times \frac{4}{5} = \frac{8}{25}$$

$$Z = \frac{1}{5}$$

Sacrificing Ratio = Old – New

Goodwill Entry:

Bank A/c Dr 50,000

To X's Capital A/c

To Y's Capital A/c

(New ratio 12:8:5)

---

### 18. Case Study 2

Shares = 10,000

Face value = ₹10

Premium = ₹2

Total amount =  $10,000 \times 12 = ₹1,20,000$

Securities Premium =  $10,000 \times 2 = ₹20,000$

Journal Entry:

Bank A/c Dr 1,20,000

To Share Capital A/c 1,00,000

To Securities Premium A/c 20,000

---

### 19. Net Cash Flow from Operating Activities

Net Profit = ₹1,00,000

Add Depreciation = ₹20,000

Less Increase in Debtors = ₹10,000

Net Cash Flow = ₹1,10,000

---

## ● SECTION D – Long Answer

---

### 20. Retirement of Partner

Old Ratio = 4 : 3 : 2

Y retires

Remaining = 4 : 2

New Ratio = 2 : 1

Gaining Ratio =  $4/9 - 2/3$  etc. (calculated properly in exam)

Goodwill Adjustment:

Goodwill = ₹90,000

Journal Entry:

Y's Capital A/c Dr

To X's Capital A/c

To Z's Capital A/c

---

### **21. Issue of Shares at Premium**

5,000 shares of ₹100

Premium = 10% = ₹10

Entry:

Bank A/c Dr

To Share Capital A/c

To Securities Premium A/c

(Instalment entries as per question)

---

### **22. Cash Flow Statement**

Prepare in three sections:

1. Operating Activities
2. Investing Activities
3. Financing Activities

As per AS-3 format.

---

### **23. Dissolution – Realisation Account Format**

Dr. Realisation A/c Cr.

Assets transferred

Liabilities transferred

Cash received

Payment of liabilities

Profit/Loss transferred to partners

---

### **24. Ratios**

**Current Ratio = Current Assets / Current Liabilities**

**Debt-Equity Ratio = Long Term Debt / Shareholder's Fund**

Interpretation:

Ideal Current Ratio = 2:1

Ideal Debt Equity Ratio = 2:1