

CBSE Class 12 Accountancy

ANSWER KEY – SET 2

● SECTION A – MCQs (1×20 = 20 Marks)

1. (b)
2. (b)
3. (b)
4. (b)
5. (b)
6. (c)
7. (c)
8. (d)
9. (c)
10. (c)
11. (d)
12. (c) 20%
13. (b)
14. (a)
15. (a)
16. (c) 1.4 : 1
17. (a)
18. (b)
19. (b) ₹6,00,000
20. (b)

● SECTION B – SHORT ANSWERS (3 Marks Each)

Q11. Calculation of New Ratio

Given:

Old Ratio = 3 : 2 : 1

C retires.

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

Step 1: Convert into Fraction

3:2:1 = $\frac{3}{6}$: $\frac{2}{6}$: $\frac{1}{6}$

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

Step 2: Add gain to A

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

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

Step 3: New Ratio

$\frac{4}{6}$: $\frac{2}{6}$

= 4 : 2

= 2 : 1

✓ Answer: New Ratio = 2 : 1

Q12. Meaning and Methods of Goodwill**Meaning of Goodwill**

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

Methods of Valuation**1. Average Profit Method**

Goodwill = Average Profit × Number of Years Purchase

Example:

Average Profit = ₹2,00,000

Years Purchase = 3

Goodwill = 2,00,000 × 3 = ₹6,00,000

2. Super Profit Method

Super Profit = Actual Profit – Normal Profit

Goodwill = Super Profit × Years Purchase

Q13. Difference Between Capital Reserve & Revenue Reserve

| Basis | Capital Reserve | Revenue Reserve |
|----------|-------------------|--------------------|
| Source | Capital profits | Revenue profits |
| Dividend | Not distributable | Can be distributed |
| Example | Premium on shares | General Reserve |

Q14. Revaluation Account (Format)

Dr. Revaluation A/c Cr.

| Particulars | Amount | Particulars | Amount |
|-----------------------|--------|-----------------------|--------|
| Increase in Liability | XXX | Increase in Asset | XXX |
| Decrease in Asset | XXX | Decrease in Liability | XXX |
| Profit transferred | XXX | | |

Profit/Loss transferred to partners in **Old Ratio**

Q15. Cash Flow from Operating Activities

It represents cash generated from core business operations.

Indirect Method Format:

Net Profit
Add: Non-cash expenses (Depreciation, etc.)
Less/Add: Working Capital Changes
= Cash Flow from Operating Activities

Q16. Forfeiture of Shares

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)

Q17. Admission of Partner

Given:

Old Ratio = 3 : 2

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

Goodwill = ₹50,000

(a) Sacrificing Ratio

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

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

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

Z = $\frac{1}{5} = \frac{5}{25}$

New Ratio = 12 : 8 : 5

Sacrifice by X = $\frac{3}{5} - \frac{12}{25}$

= $\frac{15}{25} - \frac{12}{25} = \frac{3}{25}$

Sacrifice by Y = $\frac{2}{5} - \frac{8}{25}$

= $\frac{10}{25} - \frac{8}{25} = \frac{2}{25}$

Sacrificing Ratio = **3 : 2**

(b) Goodwill Entry

Bank A/c Dr 50,000

To X's Capital A/c (30,000)

To Y's Capital A/c (20,000)

(Distributed in sacrificing ratio)

(c) New Ratio

✓ 12 : 8 : 5

Q18. Issue of Shares

Shares = 10,000

Face Value = ₹10

Premium = ₹2

(a) Total Amount Received

$10,000 \times 12 = ₹1,20,000$

(b) Securities Premium

$10,000 \times 2 = ₹20,000$

(c) Journal Entry

Bank A/c Dr 1,20,000

To Share Capital A/c 1,00,000

To Securities Premium A/c 20,000

Q19. Cash Flow Calculation

Net Profit = 1,00,000

Add Depreciation = 20,000

Less Increase in Debtors = 10,000

Net Cash Flow:

$1,00,000 + 20,000 - 10,000$

= ₹1,10,000

✓ Answer = ₹1,10,000

● SECTION D – LONG ANSWERS (6 Marks Each)

Q20. Retirement of Y

Old Ratio = 4 : 3 : 2

Total = 9

Y's share = $\frac{3}{9}$

Remaining ratio = 4 : 2
= 2 : 1

Gaining Ratio

X old share = $\frac{4}{9}$

X new share = $\frac{2}{3}$

Gain of X = $\frac{2}{3} - \frac{4}{9}$
= $\frac{6}{9} - \frac{4}{9} = \frac{2}{9}$

Z old share = $\frac{2}{9}$

Z new share = $\frac{1}{3}$
= $\frac{3}{9}$

Gain of Z = $\frac{3}{9} - \frac{2}{9} = \frac{1}{9}$

Gaining Ratio = 2 : 1

Goodwill Adjustment

Goodwill = ₹90,000

Y's share = $90,000 \times \frac{3}{9}$
= ₹30,000

Entry:

X's Capital A/c Dr 20,000

Z's Capital A/c Dr 10,000

To Y's Capital A/c 30,000

Q21. Issue of Shares at 10% Premium

Shares = 5,000

Face Value = ₹100

Premium = ₹10

Total per share = ₹110

Total Amount = $5,000 \times 110 = ₹5,50,000$

Entry:

Bank A/c Dr 5,50,000

To Share Capital A/c 5,00,000

To Securities Premium A/c 50,000

Q22. Cash Flow Statement (Format)

Cash Flow from Operating Activities

Cash Flow from Investing Activities

Cash Flow from Financing Activities

Prepared as per AS-3.

Q23. Realisation Account (Dissolution)

Dr. Realisation A/c Cr.

Assets transferred

Liabilities transferred

Cash received

Liabilities paid

Profit/Loss transferred to partners

Q24. Ratio Calculation**Current Ratio**

Current Assets / Current Liabilities

Ideal = 2 : 1

Debt Equity Ratio

Long Term Debt / Shareholder's Fund

Ideal = 2 : 1