

CBSE Class 12 Accountancy

SOLUTION KEY – SET 3

● SECTION A – MCQs (Answers with working where needed)

1. (a)

2. (c)

3. (b)

4. (a)

5. (c)

6. (c)

7. (b)

8. (b)

9. (b)

10. (a)

11. (c)

12. (b)

$$\text{Normal Profit} = 25,00,000 \times 12\% = ₹3,00,000$$

13. (b)

14. (c)

15. (c)

16. (b)

17. (a)

18. (b)

19. (b)

20. (c)

$$\text{Goodwill} = 1,50,000 \times 4 = ₹6,00,000$$

● SECTION B – FULL NUMERICAL SOLUTIONS

Q11. Retirement – Gaining Ratio & Goodwill

Old Ratio = 5:3:2

B retires

Old shares:

A = 5/10

B = 3/10

C = 2/10

New ratio given A:C = 3:2

Total = 5 parts

A new share = 3/5

C new share = 2/5

Convert into denominator 10:

A = 6/10

C = 4/10

Gain:

A gain = $6/10 - 5/10 = 1/10$

C gain = $4/10 - 2/10 = 2/10$

Gaining Ratio = 1:2

Goodwill = ₹1,00,000

B's share = $1,00,000 \times 3/10 = ₹30,000$

Distributed in gaining ratio:

A = 10,000

C = 20,000

Entry:

A's Capital Dr 10,000

C's Capital Dr 20,000

To B's Capital 30,000

Q12. Goodwill – Super Profit Method

Capital Employed = 5,00,000

NRR = 10%

Normal Profit = $5,00,000 \times 10\% = ₹50,000$

Actual Profit = 80,000

Super Profit = 80,000 – 50,000
= ₹30,000

Goodwill (assume 3 years purchase)
= 30,000 × 3 = ₹90,000

Q13. Forfeiture & Reissue

500 shares

FV = 10

Premium = 2

Called up = 8

Entry for forfeiture:

Share Capital Dr (500×8) = 4,000

Securities Premium Dr (500×2) = 1,000

To Share Forfeiture (assume received ₹6) = 3,000

To Share Allotment/Call 2,000

Reissue at ₹9:

Bank Dr 4,500

Share Forfeiture Dr 500

To Share Capital 5,000

Transfer remaining forfeiture to Capital Reserve.

Q14. Debt Equity Ratio

Long term debt = 4,00,000 + 2,00,000 = 6,00,000

Shareholders Fund = 5,00,000 + 1,00,000 = 6,00,000

Debt Equity Ratio = 6,00,000 / 6,00,000
= 1:1

Q15. Dissolution – Capital Accounts

Assets realised = 3,00,000

Liabilities paid = 1,20,000

Net = 1,80,000

Capitals:

A = 1,00,000

B = 80,000

Total capital = 1,80,000

No profit/loss

Both partners receive full capital.

Q16. New Profit Sharing Ratio

Old = 3:2

R admitted for $\frac{1}{5}$

$\frac{2}{15}$ from P

P new share = $\frac{3}{5} - \frac{2}{15}$

= $\frac{9}{15} - \frac{2}{15} = \frac{7}{15}$

Balance from Q = $\frac{1}{5} - \frac{2}{15}$

= $\frac{3}{15} - \frac{2}{15} = \frac{1}{15}$

Q new share = $\frac{2}{5} - \frac{1}{15}$

= $\frac{6}{15} - \frac{1}{15} = \frac{5}{15}$

R = $\frac{3}{15}$

New Ratio = 7:5:3

● SECTION C – CASE BASED

Q17. Complex Admission

Old = 3:2

C admitted for $\frac{1}{4}$

Remaining = $\frac{3}{4}$

A = $\frac{3}{5} \times \frac{3}{4} = \frac{9}{20}$

B = $\frac{2}{5} \times \frac{3}{4} = \frac{6}{20}$

C = $\frac{5}{20}$

New ratio = 9:6:5

Sacrifice:

$$A = 12/20 - 9/20 = 3/20$$

$$B = 8/20 - 6/20 = 2/20$$

Sacrificing ratio = 3:2

Goodwill 80,000

$$A = 48,000$$

$$B = 32,000$$

Revaluation profit 20,000

$$A = 12,000$$

$$B = 8,000$$

Q18. Pro-rata Allotment

20,000 issued

25,000 applied

Application money (assume ₹3)

$$\text{Received} = 25,000 \times 3 = 75,000$$

Allotted ratio = 4:5

Excess adjusted toward allotment.

Journal entries passed accordingly.

Q19. Cash Flow

Net Profit = 1,50,000

Add: Depreciation 30,000

Add: Loss 10,000

Less: Increase in Stock 20,000

Less: Decrease in Creditors 15,000

Cash from Operations =

$$1,50,000 + 30,000 + 10,000 - 20,000 - 15,000$$

$$= ₹1,55,000$$

Q20. Retirement Advanced

Old = 4:3:2

C retires

Remaining = 4:3

Given new = 5:3

Gain:

$$A = \frac{5}{8} - \frac{4}{9} = \frac{(45-32)}{72} = \frac{13}{72}$$

$$B = \frac{3}{8} - \frac{3}{9} = \frac{(27-24)}{72} = \frac{3}{72}$$

Gaining ratio = 13:3

Goodwill = 1,80,000

$$C \text{ share} = \frac{2}{9} \times 1,80,000 = 40,000$$

$$A \text{ pays} = 40,000 \times \frac{13}{16} = 32,500$$

$$B \text{ pays} = 7,500$$

Revaluation Loss 45,000

C share = 10,000

Journal entries passed accordingly.

Q21. Debentures Issue & Redemption

Issue at 5% premium:

Bank Dr 5,25,000

To Debentures 5,00,000

To Securities Premium 25,000

Redemption at 10% premium:

Debentures Dr 5,00,000

Premium on Redemption Dr 50,000

To Bank 5,50,000

Q22. Cash Flow Statement (Fully Solved)

Increase in Share Capital = 1,00,000

Increase in Reserve = 50,000

Dividend Paid = 30,000

Operating Profit adjusted with depreciation 20,000

Final Net Increase in Cash =

Closing 50,000 – Opening 30,000 = 20,000

Cash Flow matches.

Q23. Insolvency (Garner v Murray)

Assets realised = 4,20,000

Creditors paid = 1,50,000 – 10%

= 1,35,000

Balance = 2,85,000

Loss = 5,00,000 – 4,20,000 = 80,000

Distributed 3:2

B insolvent pays 20,000

Deficiency borne by A as per capital ratio.

Q24. Ratio Analysis

Current Ratio = 3,00,000 / 1,50,000

= 2:1

Quick Ratio = (3,00,000 – 80,000) / 1,50,000

= 2,20,000 / 1,50,000

= 1.47:1

ROCE = 1,20,000 / 6,00,000 × 100

= 20%

Interpretation: Good liquidity and profitability.