

CBSE Class 12 Accountancy

SOLUTION KEY – SET 8

● SECTION A – MCQs (With Working)

1. Hidden Goodwill

C brings ₹1,00,000 for 1/5

Implied firm value = 1,00,000 × 5 = ₹5,00,000

Actual capital = ₹6,00,000

Hidden Goodwill = 6,00,000 – 5,00,000

= ₹1,00,000

2. Actual Profit and Normal Profit

3. (b) Asset (to be written off)

4. (a) Capital loss

5. (b) Partner's Capital A/c

6. (b) 1:1

7. Quick Ratio

9,00,000 / 3,00,000 = 3:1 ✓ (c)

8. (b) Securities Premium

9. ROCE

8,00,000 / 40,00,000 × 100

= 20% ✓ (c)

10. (b) Credited to Realisation

11. Reissue Discount

Called-up ₹8

Reissued ₹7

Discount = ₹1 per share ✓ (a)

12. (a) Debt / Shareholders' Funds

13. D/E Ratio

15,00,000 / 30,00,000

= **0.5:1** ✓ (a)

14. (b) Decrease in cash

15. (c) Financing

16. (b) Investing

● SECTION B – SHORT NUMERICAL

Q13. Goodwill – Super Profit Method

Normal Profit = 30,00,000 × 10%

= 3,00,000

Actual Profit = 5,00,000

Super Profit = 2,00,000

Goodwill = 2,00,000 × 3

= **₹6,00,000**

Q14. New Profit Sharing Ratio

Old A:B = 7:5

C admitted for 1/6

C takes 2/3 of 1/6 from A

= 2/18 = 1/9

Remaining 1/18 from B

$$\begin{aligned} A \text{ old} &= 7/12 \\ A \text{ new} &= 7/12 - 1/9 \\ &= 21/36 - 4/36 \\ &= 17/36 \end{aligned}$$

$$\begin{aligned} B \text{ old} &= 5/12 \\ B \text{ new} &= 5/12 - 1/18 \\ &= 15/36 - 2/36 \\ &= 13/36 \end{aligned}$$

$$C = 6/36$$

New Ratio = **17:13:6**

Q15. Debt-Equity Ratio

$$\begin{aligned} \text{Debt} &= 10,00,000 + 5,00,000 \\ &= 15,00,000 \end{aligned}$$

$$\begin{aligned} \text{Shareholders Fund} &= 20,00,000 + 5,00,000 \\ &= 25,00,000 \end{aligned}$$

$$\begin{aligned} \text{D/E Ratio} &= 15,00,000 / 25,00,000 \\ &= \mathbf{0.6 : 1} \end{aligned}$$

Q16. Cash from Operating Activities

$$\begin{aligned} \text{Net Profit} &= 6,00,000 \\ \text{Add Depreciation} &= 1,50,000 \\ \text{Less Increase Debtors} &= 1,00,000 \\ \text{Less Decrease Creditors} &= 50,000 \end{aligned}$$

$$\begin{aligned} \text{Operating Cash} &= \\ &6,00,000 + 1,50,000 - 1,00,000 - 50,000 \\ &= \mathbf{6,00,000} \end{aligned}$$

● SECTION C – MAJOR CASE STUDIES

Q17. Admission Case

C capital 3,00,000 for 1/4

Implied firm value = $3,00,000 \times 4$
= 12,00,000

Actual capital = 12,00,000

Hidden Goodwill = 0

Old ratio = 3:2

New ratio:

Remaining $\frac{3}{4}$

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

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

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

Sacrificing ratio = 3:2

Reserve 2,00,000 distributed 3:2

Building appreciation 1,50,000 distributed 3:2

Q18. Retirement Case

Old = 4:3:3

New P:Q = 5:3

Old shares:

$P = \frac{4}{10}$

$Q = \frac{3}{10}$

New shares:

$P = \frac{5}{8}$

$Q = \frac{3}{8}$

Gain:

$P = \frac{9}{40}$

$Q = \frac{3}{40}$

Gaining ratio = 3:1

Goodwill share of R = $6,00,000 \times \frac{3}{10} = 1,80,000$

Adjusted in gaining ratio.

Q19. Share Capital Case

Excess application = 60,000 – 50,000

Adjusted proportionately

Forfeiture entry:

Share Capital Dr

Securities Premium Dr

To Share Forfeiture

To Share Allotment

Reissue at ₹9

Capital Reserve = balance forfeiture after discount.

Q20. Debenture Case

Issue:

Bank Dr 9,50,000

Discount Dr 50,000

To Debentures 10,00,000

DRR creation = 25% × 10,00,000 = 2,50,000

Redemption:

Debentures Dr 10,00,000

Premium Dr 1,00,000

To Bank 11,00,000

Q21. Insolvency

Assets 6,00,000

Creditors 4,00,000

Balance 2,00,000

Total capital 8,00,000

Loss = 6,00,000 – 8,00,000 = 2,00,000

Distributed 3:2

B deficiency adjusted by A.

Q22. Cash from Operating

8,00,000
+2,00,000
+50,000
-1,00,000
+80,000
+60,000

= **10,90,000**

SECTION D – LONG PRACTICAL

Q23. Retirement Full Adjustment

Goodwill share C = $2/10 \times 10,00,000$
= 2,00,000

Reserve 3,00,000 distributed

Revaluation Profit 2,00,000 distributed

Plant undervaluation 1,50,000 credited

New ratio 3:2

Full capital accounts prepared accordingly.

Q24. Cash Flow Statement

Net increase in cash =
 $10,00,000 - 7,00,000$
= 3,00,000

Operating adjusted with depreciation 3,00,000 & loss

Financing includes dividend 4,00,000

Statement balances.

Q25. Advanced Ratio

Current Ratio = $15,00,000 / 8,00,000$
= 1.88:1

$$\begin{aligned}\text{Quick Ratio} &= (15,00,000 - 5,00,000) / 8,00,000 \\ &= 10,00,000 / 8,00,000 \\ &= 1.25:1\end{aligned}$$

$$\begin{aligned}\text{ROCE} &= 6,00,000 / 30,00,000 \times 100 \\ &= 20\%\end{aligned}$$

Interpretation:

Liquidity slightly below ideal 2:1 but acceptable.

Quick ratio healthy.

ROCE strong → efficient capital usage.