

CBSE Class 12 Accountancy

SOLUTION KEY – SET 9

● SECTION A – MCQs (15 Marks)

1. **(b)** Redemption of preference shares
 2. **(a)** Securities Premium
 3. **(b)** Financing
 4. Implied value = $10,00,000 \times 5 = \text{₹}50,00,000 \checkmark$ (c)
 5. Super Profit = $8,00,000 - 5,00,000 = \text{₹}3,00,000 \checkmark$ (b)
 6. **(c)** Reserves
 7. **(a)** Operating
 8. **(c)** Long-term funds
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9. Quick Ratio

Quick Assets = $15,00,000 - 5,00,000 = 10,00,000$

Quick Ratio = $10,00,000 / 5,00,000 = 2:1 \checkmark$ (c)

10. **(c)** Capital Reserve
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11. Share Issue

$3,000 \times (10+2) = 3,000 \times 12 = \text{₹}36,000 \checkmark$ (c)

12. Sacrifice

Goodwill = 9,00,000

Sacrificing ratio 2:1

A share = $2/3 \times 9,00,000 = \text{₹}6,00,000 \checkmark$ (c)

13. **(b)** Capital A/c

14. Revaluation Profit

Total parts = $4+3+3 = 10$

C share = $\frac{3}{10} \times 1,20,000 = \text{₹}36,000 \checkmark$ (a)

15. Debenture Interest

10% of 6,00,000 = **₹60,000** \checkmark (b)

● SECTION B – SHORT ANSWER (4×5 = 20 Marks)

Q16. Capital Reserve vs Revenue Reserve (4 Differences)

1. **Source** – Capital profit vs Revenue profit
 2. **Dividend** – Not distributable vs Distributable
 3. **Example** – Profit on sale of asset vs General Reserve
 4. **Nature** – Non-operating vs Operating
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Q17. New Profit Sharing Ratio

Old A:B = 3:2

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

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

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

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

C = $\frac{5}{25}$

New Ratio = **12:8:5**

Q18. Operating, Investing, Financing Activities

Operating – Core business (e.g., cash from customers)

Investing – Purchase/sale of fixed assets

Financing – Share issue, loan repayment

Q19. Goodwill – Average Profit Method

Adjusted last year:

$$3,00,000 - 50,000 \text{ (abnormal gain removed)} \\ = 2,50,000$$

$$\text{Total} = 2,00,000 + 2,50,000 + 2,50,000 \\ = 7,00,000$$

$$\text{Average} = 7,00,000 / 3 = 2,33,333$$

$$\text{Goodwill} = 2,33,333 \times 3 \\ = \text{₹7,00,000}$$

Q20. Debt Equity Ratio

$$\text{Debt} = 12,00,000$$

$$\text{Shareholders Fund} = 18,00,000 + 6,00,000 \\ = 24,00,000$$

$$D/E = 12,00,000 / 24,00,000 \\ = \mathbf{0.5 : 1}$$

● SECTION C – CASE BASED

Q21. Admission

$$\text{Old} = 5:3$$

$$\text{R admitted } 1/4$$

$$\text{Remaining} = 3/4$$

$$P = 5/8 \times 3/4 = 15/32$$

$$Q = 3/8 \times 3/4 = 9/32$$

$$R = 8/32$$

$$\text{New Ratio} = \mathbf{15:9:8}$$

$$\text{Sacrificing ratio} = 5:3$$

Reserve 80,000 distributed 5:3

Q22. Retirement

Old = 4:3:3

New P:Q = 2:1

Old shares

P=4/10, Q=3/10

New shares

P=2/3, Q=1/3

Gain

P = 8/30

Q = 1/30

Gaining ratio = 8:1

Goodwill share C = $3/10 \times 3,00,000 = 90,000$

Entry passed accordingly.

Q23. Share Issue

Excess application = $12,000 - 10,000 = 2,000$ shares

Application adjusted proportionately

Journal Entry:

Bank Dr

To Share Application

Share Application Dr

To Share Capital

To Share Allotment

Q24. Realisation

Loss on assets = $4,00,000 - 3,20,000 = 80,000$

Gain on creditors = 10,000

Net loss = 70,000

Distributed 3:2

A = 42,000

B = 28,000

Q25. Cash from Operating

5,00,000

+1,00,000

-80,000

-40,000

= 4,80,000

● SECTION D – LONG ANSWER

Q26. Admission Full Adjustment

Goodwill 4,00,000

C share = $1/4 = 1,00,000$

Reserve 1,00,000 distributed

Revaluation profit 50,000 distributed

Revaluation & Capital Accounts prepared.

Q27. Debentures

Issue:

$5,000 \times 100 = 5,00,000$

Discount 5% = 25,000

Bank Dr 4,75,000

Discount Dr 25,000

To Debentures 5,00,000

Redemption at 10% premium:

Debentures Dr 5,00,000

Premium Dr 50,000

To Bank 5,50,000

Q28. Cash Flow Statement

Increase in Share Capital = 3,00,000

Increase in Reserve = 1,00,000

Dividend Paid = 3,00,000

Net increase in cash =

8,00,000 – 6,00,000

= 2,00,000

Operating adjusted with depreciation & loss.

Q29. Insolvency

Assets realised 2,50,000

Creditors 2,00,000

Balance 50,000

Total capital 3,50,000

Loss = 3,00,000

Distributed 2:1

B insolvent pays 20,000

Deficiency borne by A.

Q30. Ratio Analysis

Current Ratio = 12,00,000 / 6,00,000

= 2:1

Quick Ratio = (12,00,000 – 4,00,000) / 6,00,000

= 8,00,000 / 6,00,000

= 1.33:1

ROCE = 4,00,000 / 20,00,000 × 100

= 20%

Interpretation:

Good liquidity & strong profitability.