CBSE Class 12 Accountancy

Important Questions and Answers for Board Exams (2026–27)

Subject Code 055 · Board Exams 2027 · Question and answer practice sheet

Pattern (CBSE 2026–27 sample paper): theory 80 marks, 3 hours, 34 compulsory questions. Part A (Partnership Firms and Companies) 60 marks; Part B 20 marks (Analysis of Financial Statements or Computerised Accounting, one option); project work 20 marks. All amounts are in ₹. Model and competency questions are practice questions, not predicted board questions.

1. Important Questions and Answers

Part A: Accounting for Partnership Firms

Q1. Differentiate between the fixed capital method and the fluctuating capital method.

Ans. Under the fixed capital method, a partner's capital balance stays the same unless the partners agree to bring in or withdraw capital. Drawings, interest on capital, salary and share of profit all go through a separate Current Account, so the Balance Sheet shows two balances for each partner. Under the fluctuating capital method, everything goes through the Capital Account, so the balance changes every year and there is no Current Account.

Q2. If the partnership deed is silent, which rules apply?

Ans. The Indian Partnership Act, 1932 applies. Profits and losses are shared equally. No interest is allowed on capital and none is charged on drawings. No salary or commission is payable to any partner. Interest on a partner's loan to the firm is allowed at 6% p.a.

Q3. A partner withdrew ₹6,000 at the beginning of every month during the year. Interest on drawings is 12% p.a. Calculate the interest.

Ans. Total drawings = 6,000 × 12 = ₹72,000. For withdrawals at the beginning of each month, the average period is 6.5 months.
Interest = 72,000 × 12/100 × 6.5/12 = **₹4,680**.
Memory aid: beginning of each month = 6.5 months, end of each month = 5.5 months, middle of each month = 6 months.

Q4. A, B and C share profits 5:3:2. C is guaranteed a minimum profit of ₹60,000, and any deficiency is borne by A and B in their profit-sharing ratio. The firm's profit is ₹2,40,000. Show the final share of each partner.

Ans. C's share = 2,40,000 × 2/10 = ₹48,000, so the deficiency is ₹12,000. A bears 12,000 × 5/8 = ₹7,500 and B bears ₹4,500.
A = 1,20,000 − 7,500 = **₹1,12,500**; B = 72,000 − 4,500 = **₹67,500**; C = **₹60,000**. Total = ₹2,40,000 (self-check).

Q5. Profit is ₹30,000. Interest on capital due is ₹24,000 to A and ₹16,000 to B. How will the profit be distributed?

Ans. Interest on capital is an appropriation of profit, so it can be allowed only out of profits. When profit is insufficient, the available profit is shared in the ratio of the interest due, here 24,000 : 16,000 = 3:2. A gets **₹18,000** and B gets **₹12,000**.

Q6. The capital employed in a firm is ₹10,00,000, the normal rate of return is 10%, and the average profit is ₹1,50,000. Calculate goodwill at 3 years' purchase of super profit.

Ans. Normal profit = 10,00,000 × 10% = ₹1,00,000. Super profit = 1,50,000 − 1,00,000 = ₹50,000.
Goodwill = 50,000 × 3 = **₹1,50,000**.
If partners' salaries or abnormal items are given, adjust the average profit first.

Q7. A and B share profits 3:2 and decide to share equally from now on. Goodwill is valued at ₹1,00,000. Pass the entry.

Ans. A's sacrifice = 3/5 − 1/2 = 1/10. B's gain = 1/2 − 2/5 = 1/10. B compensates A for 1/10 of ₹1,00,000.
B's Capital A/c Dr. 10,000 / To A's Capital A/c 10,000.

Q8. A and B share profits 3:2 and will now share 1:1. General Reserve of ₹60,000 appears in the books, and the partners do not want to alter the books. Pass the adjusting entry.

Ans. Old shares: A 36,000, B 24,000. New shares: A 30,000, B 30,000. A loses ₹6,000 and B gains ₹6,000.
B's Capital A/c Dr. 6,000 / To A's Capital A/c 6,000.

Q9. A and B share profits 3:2. C is admitted for a 1/5 share, taken equally from A and B. Find the new ratio and the sacrificing ratio.

Ans. A's new share = 3/5 − 1/10 = 5/10. B's new share = 2/5 − 1/10 = 3/10. C = 2/10. New ratio = **5:3:2**. Sacrificing ratio = **1:1**.

Q10. A and B (profit ratio 3:2) have capitals of ₹3,00,000 and ₹2,00,000. C is admitted for a 1/4 share and brings ₹2,00,000 as capital, with nothing for goodwill. Find the goodwill of the firm and pass the entry.

Ans. Total capital of the firm based on C's capital = 2,00,000 × 4 = ₹8,00,000. Actual capital = 3,00,000 + 2,00,000 + 2,00,000 = ₹7,00,000. Goodwill of the firm = **₹1,00,000**.
Goodwill A/c Dr. 1,00,000 / To A's Capital A/c 60,000 / To B's Capital A/c 40,000 (old ratio).

Q11. Why is a Revaluation Account prepared, and how are increases and decreases recorded?

Ans. It records changes in the values of assets and liabilities when the firm is reconstituted, so that the old partners get the benefit or bear the loss. An increase in an asset or decrease in a liability is credited. A decrease in an asset or increase in a liability is debited. A credit balance is a profit and a debit balance is a loss, shared in the old ratio.

Q12. A, B and C share profits 5:3:2. C retires, and his share is taken by A and B in the ratio 3:1. Find the new ratio and the gaining ratio.

Ans. C's share = 2/10. A gets 3/4 of it = 1.5/10 and B gets 0.5/10. New shares: A = 6.5/10, B = 3.5/10, so the new ratio is **13:7**. Gaining ratio = **3:1**. (Gaining ratio = new share − old share.)

Q13. P, Q and R share profits 3:2:1. P dies on 30th June. The books close on 31st March, and last year's profit was ₹1,20,000. Calculate P's share of profit up to the date of death on a time basis and pass the entry.

Ans. Profit for 3 months = 1,20,000 × 3/12 = ₹30,000. P's share = 30,000 × 3/6 = **₹15,000**.
Profit and Loss Suspense A/c Dr. 15,000 / To P's Capital A/c 15,000.

Q14. In what order are the accounts settled on dissolution of a firm (Section 48, Indian Partnership Act, 1932)?

Ans. Losses, including any deficiency of capital, are met first out of profits, then out of capital, and lastly by the partners individually in their profit-sharing ratio. Assets, including amounts brought in by partners, are applied in this order: (i) payment of outside liabilities, (ii) payment of partners' loans, (iii) payment of partners' capital, and (iv) any balance is shared in the profit-sharing ratio.

Q15. On dissolution, stock of ₹20,000 was taken over by partner Meera at 10% less than book value, and creditors of ₹30,000 were paid ₹28,000 in cash. Pass the entries (assets and external liabilities are already transferred to Realisation A/c).

Ans. *Meera's Capital A/c Dr. 18,000 / To Realisation A/c 18,000.*
Realisation A/c Dr. 28,000 / To Cash/Bank A/c 28,000.
The ₹2,000 saved on creditors shows up automatically as a gain, because creditors were credited to Realisation A/c at ₹30,000.

Part A: Accounting for Companies

Q16. A company offered 20,000 shares of ₹10 each (₹3 on application, ₹4 on allotment, ₹3 on call). Applications were received for 30,000 shares and allotment was made pro rata. How much must an applicant for 600 shares pay on allotment?

Ans. Shares allotted = 600 × 20,000/30,000 = 400. Application money paid = 600 × 3 = ₹1,800. Application money needed on 400 shares = ₹1,200, so ₹600 is excess and is adjusted against allotment. Allotment due = 400 × 4 = ₹1,600. Amount payable on allotment = 1,600 − 600 = **₹1,000**.

Q17. 1,000 shares of ₹10 each, on which ₹7 per share had been received, were forfeited and later reissued at ₹8 per share as fully paid. Pass the entries.

Ans. *Share Capital A/c Dr. 10,000 / To Calls in Arrears A/c 3,000 / To Share Forfeiture A/c 7,000.*
Bank A/c Dr. 8,000 / Share Forfeiture A/c Dr. 2,000 / To Share Capital A/c 10,000.
Share Forfeiture A/c Dr. 5,000 / To Capital Reserve A/c 5,000.
Discount on reissue can never exceed the forfeited amount, so the minimum reissue price here is ₹3 per share.

Q18. For what purposes can Securities Premium be used (Section 52, Companies Act, 2013)?

Ans. To issue fully paid bonus shares; to write off preliminary expenses; to write off expenses, commission or discount on the issue of shares or debentures; to provide for the premium payable on redemption of preference shares or debentures; and to buy back its own shares.

Q19. Distinguish between Calls in Arrears and Calls in Advance.

Ans. Calls in Arrears is the amount that has been called but not yet paid by shareholders. It has a debit balance and is shown as a deduction from called-up capital in the Notes to Accounts. Calls in Advance is the amount received from shareholders before it is called. It has a credit balance and is treated as a liability until the call is made.

Q20. 1,000 debentures of ₹100 each are issued at a 5% discount, redeemable at a 10% premium. Calculate the loss on issue and pass the entry (entire amount payable with application).

Ans. Loss on issue = discount 5,000 + premium on redemption 10,000 = **₹15,000**.
Bank A/c Dr. 95,000 / Loss on Issue of Debentures A/c Dr. 15,000 / To Debentures A/c 1,00,000 / To Premium on Redemption of Debentures A/c 10,000.
(Show application and allotment accounts in the exam if the question gives instalments.)

Q21. A company bought machinery for ₹5,00,000 from a supplier and paid by issuing 10% debentures of ₹100 each at a 25% premium. Pass the entries.

Ans. Debentures issued = 5,00,000 ÷ 125 = 4,000, so face value is ₹4,00,000 and premium is ₹1,00,000.
Machinery A/c Dr. 5,00,000 / To Supplier 5,00,000.
Supplier Dr. 5,00,000 / To 10% Debentures A/c 4,00,000 / To Securities Premium A/c 1,00,000.

Part B: Analysis of Financial Statements

Q22. Classify the following under major heads and sub-heads as per Schedule III: (i) Goodwill, (ii) Calls in advance, (iii) Prepaid insurance, (iv) Provision for tax, (v) Securities premium, (vi) Loose tools.

Ans. (i) Goodwill: Non-current assets → Property, Plant and Equipment and Intangible assets
(ii) Calls in advance: Current liabilities → Other current liabilities
(iii) Prepaid insurance: Current assets → Other current assets
(iv) Provision for tax: Current liabilities → Short-term provisions
(v) Securities premium: Shareholders' funds → Reserves and surplus
(vi) Loose tools: Current assets → Inventories

Q23. Revenue from operations was ₹10,00,000 last year and ₹12,00,000 this year. Show the change in a comparative statement. What does a common size statement do differently?

Ans. Absolute change = ₹2,00,000. Percentage change = 2,00,000 ÷ 10,00,000 × 100 = **20%** (always on the base year). A comparative statement shows change over time. A common size statement expresses every item as a percentage of one base (revenue from operations in a statement of profit and loss), so you compare structure rather than trend.

Q24. Current ratio is 2:1 (current assets ₹8,00,000; current liabilities ₹4,00,000). What is the effect of (a) purchasing goods on credit for ₹1,00,000 and (b) paying ₹1,00,000 to creditors?

Ans. (a) Current assets become 9,00,000 and current liabilities 5,00,000, so the ratio falls to 1.8:1 (decrease). (b) Current assets become 7,00,000 and current liabilities 3,00,000, so the ratio rises to 2.33:1 (increase).

Q25. Debt is ₹6,00,000 and shareholders' funds are ₹3,00,000. Calculate the debt-equity ratio, and then find the effect of issuing equity shares worth ₹1,00,000 for cash.

Ans. Debt-equity ratio = 6,00,000 ÷ 3,00,000 = 2:1. After the share issue, equity = 4,00,000, so the ratio becomes 1.5:1 (decreases). Issuing debentures would do the opposite.

Q26. Revenue from operations is ₹8,00,000, gross profit ratio is 25%, opening inventory is ₹90,000 and closing inventory is ₹1,10,000. Calculate the inventory turnover ratio.

Ans. Gross profit = 2,00,000, so cost of revenue from operations = ₹6,00,000. Average inventory = (90,000 + 1,10,000) ÷ 2 = ₹1,00,000. Ratio = 6,00,000 ÷ 1,00,000 = **6 times**.

Q27. Classify as operating, investing or financing activities: (a) interest paid on debentures, (b) dividend received, (c) purchase of machinery, (d) issue of equity shares, (e) payment to suppliers, (f) sale of long-term investment.

Ans. (a) Financing. (b) Investing. (c) Investing. (d) Financing. (e) Operating. (f) Investing. For a non-financial company, interest and dividend received are investing inflows, while interest and dividend paid are financing outflows.

Part B: Computerised Accounting

Q28. Which error appears when the co-ordinates of a cell are invalid in a worksheet formula?

Ans. The **#REF!** error.

Q29. How are absolute and mixed cell references identified in Excel?

Ans. By the **$** sign placed before the column letter, the row number, or both.

Q30. What is data validation, and what does the Error Alert tab do?

Ans. Data validation restricts what can be entered in a cell, such as whole numbers within a range or dates after a given date, which keeps entries consistent. The Error Alert tab lets you set the message and the style (stop, warning or information) that appears when someone enters invalid data.

2. Previous Year Questions with Solutions (CBSE Board Exam 2025)

From the CBSE Class 12 Accountancy (055) board exam, March 2025. Set and question number are marked; questions are reworded slightly for space, with figures and requirements unchanged.

PYQ 1 (CBSE 2025, Delhi Set-1, Q1, 1 mark). Sara and Tara's capitals on 1st April 2023 were ₹6,00,000 and ₹4,00,000. On 1st October 2023, Tara withdrew ₹1,00,000. Interest on capital is allowed at 8% p.a. Interest allowed on Tara's capital for the year ended 31st March 2024 was: (A) ₹28,000 (B) ₹30,000 (C) ₹48,000 (D) ₹32,000.

Ans. (A) ₹28,000. Interest = 4,00,000 × 8% × 6/12 + 3,00,000 × 8% × 6/12 = 16,000 + 12,000 = ₹28,000.

PYQ 2 (CBSE 2025, Delhi Set-1, Q5, 1 mark). Moksh and Pran share profits 1:2, with capitals of ₹5,00,000 and ₹3,00,000. They admit Tushar for a 1/4th share, and he brings ₹4,00,000 as capital. The goodwill of the firm will be: (A) ₹16,00,000 (B) ₹4,00,000 (C) ₹8,00,000 (D) ₹12,00,000.

Ans. (B) ₹4,00,000. Implied firm capital = 4,00,000 × 4 = ₹16,00,000. Actual capital = 5,00,000 + 3,00,000 + 4,00,000 = ₹12,00,000. Goodwill = ₹4,00,000.

PYQ 3 (CBSE 2025, Delhi Set-1, Q16, 1 mark). Machinery appears at ₹6,00,000 in the Balance Sheet before a new partner's admission, but it is found to be overvalued by 20%. The value of machinery in the new Balance Sheet will be: (A) ₹7,50,000 (B) ₹4,80,000 (C) ₹7,20,000 (D) ₹5,00,000.

Ans. (D) ₹5,00,000. If ₹6,00,000 is 120% of the true value, true value = 6,00,000 × 100/120 = ₹5,00,000.

PYQ 4 (CBSE 2025, Delhi Set-1, Q17, 3 marks). Zaina, Yash and Kiran share profits 2:2:1. Zaina died on 1st July 2024. Under the deed, her share of profit till death is calculated on the basis of sales. Sales for the year ended 31st March 2024 were ₹4,00,000, and sales from 1st April to 30th June 2024 were ₹1,50,000. Profit for the year ended 31st March 2024 was ₹1,00,000. Calculate Zaina's share of profit and pass the journal entry.

Ans. Profit as a percentage of sales = 1,00,000 ÷ 4,00,000 × 100 = 25%.
Profit for 1st April to 30th June 2024 = 1,50,000 × 25% = ₹37,500.
Zaina's share = 37,500 × 2/5 = **₹15,000**.
Profit and Loss Suspense A/c Dr. 15,000 / To Zaina's Capital A/c 15,000.

PYQ 5 (CBSE 2025, Delhi Set-1, Q20, 3 marks). The capital of the firm of Rajat and Karan is ₹15,00,000 and the market rate of interest is 12%. Their annual salaries are ₹20,000 and ₹30,000. Profits of the last three years were ₹2,40,000, ₹2,80,000 and ₹3,20,000. Calculate goodwill at two years' purchase of the average super profits.

Ans. Normal profit = 15,00,000 × 12% = ₹1,80,000.
Average profit = (2,40,000 + 2,80,000 + 3,20,000) ÷ 3 = ₹2,80,000.
After partners' salaries (20,000 + 30,000) = 2,80,000 − 50,000 = ₹2,30,000.
Super profit = 2,30,000 − 1,80,000 = ₹50,000.
Goodwill = 50,000 × 2 = **₹1,00,000**.

PYQ 6 (CBSE 2025, Outside Delhi Set-2, Q18, 3 marks). Rocky and Vicky share profits 4:3. On 1st April 2024, Shivay is admitted for a 2/7th share, taken equally from both. The Balance Sheet shows Workmen Compensation Reserve of ₹7,00,000. Pass journal entries for the reserve if the claim for workmen compensation is (i) ₹5,60,000, (ii) ₹7,00,000, (iii) ₹7,20,000.

Ans. (i) Excess ₹1,40,000, shared 4:3 in the old ratio.
Workmen Compensation Reserve A/c Dr. 7,00,000 / To Workmen Compensation Claim A/c 5,60,000 / To Rocky's Capital A/c 80,000 / To Vicky's Capital A/c 60,000.
(ii) Reserve equals claim.
Workmen Compensation Reserve A/c Dr. 7,00,000 / To Workmen Compensation Claim A/c 7,00,000.
(iii) Claim exceeds reserve by ₹20,000, debited to Revaluation A/c.
Workmen Compensation Reserve A/c Dr. 7,00,000 / Revaluation A/c Dr. 20,000 / To Workmen Compensation Claim A/c 7,20,000.

PYQ 7 (CBSE 2025, Outside Delhi Set-2, Q21, 4 marks). Sargam Limited issued 2,000, 9% debentures of ₹500 each at a premium of 10%, payable ₹200 on application and the balance (including premium) on allotment. The debentures were fully subscribed and all money was received. Pass the journal entries.

Ans. Application: 2,000 × 200 = ₹4,00,000. Allotment: 2,000 × 350 = ₹7,00,000 (includes premium of ₹1,00,000).
Bank A/c Dr. 4,00,000 / To 9% Debenture Application A/c 4,00,000.
9% Debenture Application A/c Dr. 4,00,000 / To 9% Debentures A/c 4,00,000.
9% Debenture Allotment A/c Dr. 7,00,000 / To 9% Debentures A/c 6,00,000 / To Securities Premium A/c 1,00,000.
Bank A/c Dr. 7,00,000 / To 9% Debenture Allotment A/c 7,00,000.

PYQ 8 (CBSE 2025, Delhi Set-1, Q28, 1 mark). The debt-equity ratio of Manak Enterprises is 2.5:1. Which transaction will increase the ratio? (A) Purchase of goods on credit ₹2,00,000 (B) Payment to creditors ₹3,00,000 (C) Issue of debentures ₹6,00,000 (D) Sale of furniture of book value ₹4,00,000 at a 10% profit.

Ans. (C) Issue of debentures. Debentures add to debt without adding to shareholders' funds, so debt ÷ equity rises.

PYQ 9 (CBSE 2025, Delhi Set-1, Q33(a), 4 marks). Calculate opening and closing trade payables: total purchases ₹15,00,000; cash purchases are 25% of credit purchases; trade payables turnover ratio is 4 times; closing trade payables are twice the opening trade payables.

Ans. Credit purchases = 15,00,000 ÷ 1.25 = ₹12,00,000. Average trade payables = 12,00,000 ÷ 4 = ₹3,00,000. If opening = x, closing = 2x, so (x + 2x) ÷ 2 = 3,00,000 and x = 2,00,000.
Opening = **₹2,00,000**; closing = **₹4,00,000**.

PYQ 10 (CBSE 2025, Outside Delhi Set-1, Q33(b), 4 marks). Calculate opening and closing inventory: gross profit ratio 25%; revenue from operations ₹8,00,000; inventory turnover ratio 4 times; opening inventory is twice the closing inventory.

Ans. Gross profit = 2,00,000, so cost of revenue from operations = ₹6,00,000. Average inventory = 6,00,000 ÷ 4 = ₹1,50,000. If closing = x, opening = 2x, so (2x + x) ÷ 2 = 1,50,000 and x = 1,00,000.
Closing = **₹1,00,000**; opening = **₹2,00,000**.

3. Competency-Based Questions with Solutions

Written for this article in the style of CBSE case-based, assertion-reason and application questions.

Case Study (5 × 1 mark). Asha and Bina are partners sharing profits 3:2. Their fixed capitals are ₹5,00,000 and ₹3,00,000. The deed provides for interest on capital at 6% p.a., a salary of ₹2,000 per month to Bina, and interest on drawings at 10% p.a. Asha withdrew ₹10,000 at the end of each quarter. Profit before these adjustments was ₹1,20,000.

(i) Interest on Asha's drawings: (A) ₹1,500 (B) ₹2,000 (C) ₹4,000 (D) ₹1,000
(ii) Interest on capital and salary charged together: (A) ₹72,000 (B) ₹48,000 (C) ₹24,000 (D) ₹54,000
(iii) Profit available for division in 3:2: (A) ₹48,000 (B) ₹49,500 (C) ₹1,20,000 (D) ₹51,000
(iv) Asha's share of that profit: (A) ₹29,700 (B) ₹19,800 (C) ₹30,000 (D) ₹28,500
(v) Asha's drawings are recorded on the: (A) debit of Capital A/c (B) debit of Current A/c (C) credit of Current A/c (D) credit of Capital A/c

Answers. (i) **A**: 40,000 × 10% × 4.5/12 = ₹1,500. (ii) **A**: interest on capital 30,000 + 18,000 = 48,000; salary 24,000; total ₹72,000. (iii) **B**: 1,20,000 + 1,500 − 72,000 = ₹49,500. (iv) **A**: 49,500 × 3/5 = ₹29,700. (v) **B**: with fixed capitals, drawings go to the debit of the Current Account.

Assertion-Reason 1. Assertion (A): If the deed provides for interest on capital but the firm incurs a loss, no interest on capital is allowed (unless the deed says otherwise). Reason (R): Interest on capital is an appropriation of profit. Choose: (A) Both true and R explains A (B) Both true but R does not explain A (C) A true, R false (D) A false, R true.

Ans. (A). Interest on capital is an appropriation, not a charge, so it cannot create or increase a loss and is allowed only out of profits.

Assertion-Reason 2. Assertion (A): On reissue of forfeited shares, the balance in Share Forfeiture Account relating to the reissued shares is transferred to Capital Reserve. Reason (R): Gain on forfeiture and reissue of shares is a capital profit. Choose from the same four options.

Ans. (A). Both are true; only the gain relating to the shares actually reissued moves to Capital Reserve, because it is a capital profit.

Application Question 1 (3 marks). A company's current ratio is 3:1 and its liquid ratio is 1.5:1. State, with reasons, the effect on both ratios of (a) purchasing goods for cash and (b) selling goods on credit at a profit.

Ans. (a) Cash falls and inventory rises by the same amount, so total current assets are unchanged and the current ratio is **unchanged**, but liquid assets fall, so the liquid ratio **decreases**. (b) Inventory falls by cost while debtors rise by selling price, so current assets and liquid assets both rise by the profit; current liabilities are unchanged, so both ratios **increase**.

Application Question 2 (3 marks). A company purchased machinery for ₹5,00,000, paying 40% by cheque and the balance by issuing equity shares. State the cash flow effect, with reasons.

Ans. Only the cheque payment of 40% of 5,00,000 = **₹2,00,000** is a cash outflow, shown under investing activities. The ₹3,00,000 settled by issuing shares is a non-cash transaction, so it does not appear in the cash flow statement and is disclosed separately.

4. Model Questions for Practice with Solutions

Practice questions in board-exam style. They are not predicted or guaranteed board questions.

M1 (1 mark). A, B and C share profits 4:3:2. C retires, and A and B decide to share future profits 5:4. The gaining ratio is: (A) 5:4 (B) 1:1 (C) 4:3 (D) 3:2.

Ans. (B) 1:1. A gains 5/9 − 4/9 = 1/9 and B gains 4/9 − 3/9 = 1/9.

M2 (3 marks). Pass journal entries for the issue of 5,000 debentures of ₹100 each at a 10% discount, redeemable at a 5% premium. The entire amount is payable with application.

Ans. Cash received = 5,000 × 90 = ₹4,50,000. Loss on issue = 50,000 + 25,000 = ₹75,000.
Bank A/c Dr. 4,50,000 / To Debenture Application A/c 4,50,000.
Debenture Application A/c Dr. 4,50,000 / Loss on Issue of Debentures A/c Dr. 75,000 / To Debentures A/c 5,00,000 / To Premium on Redemption of Debentures A/c 25,000.

M3 (3 marks). P and Q share profits 3:2. R is admitted for a 1/5th share, which he takes from P and Q in the ratio 2:1. R brings ₹30,000 as goodwill premium in cash. Pass the entries for goodwill.

Ans. R acquires 1/5; P gives 2/15 and Q gives 1/15, so the sacrificing ratio is 2:1. Premium is shared ₹20,000 to P and ₹10,000 to Q.
Bank A/c Dr. 30,000 / To Premium for Goodwill A/c 30,000.
Premium for Goodwill A/c Dr. 30,000 / To P's Capital A/c 20,000 / To Q's Capital A/c 10,000.

M4 (4 marks). Kiran Ltd. issued 40,000 shares of ₹10 each at a premium of ₹2, payable ₹3 on application, ₹5 on allotment (including premium) and the balance on call. Applications were received for 60,000 shares and allotment was made pro rata. Calculate (a) the amount received on application, (b) the excess application money adjusted on allotment, and (c) the amount received on allotment.

Ans. (a) 60,000 × 3 = **₹1,80,000**. (b) Application money needed on 40,000 shares = ₹1,20,000, so excess = **₹60,000**. (c) Allotment due = 40,000 × 5 = ₹2,00,000; less excess 60,000 = **₹1,40,000**.

M5 (4 marks). Pass journal entries on the dissolution of the firm of Ravi and Sunil (profit ratio 3:2), after assets and external liabilities have been transferred to Realisation A/c: (i) an unrecorded computer was taken over by Ravi at ₹10,000; (ii) Sunil's loan of ₹30,000 was settled by giving him stock of book value ₹26,000 and the balance in cash; (iii) Ravi paid realisation expenses of ₹6,000 on behalf of the firm; (iv) the loss on realisation of ₹15,000 was distributed.

Ans. (i) *Ravi's Capital A/c Dr. 10,000 / To Realisation A/c 10,000.*
(ii) *Sunil's Loan A/c Dr. 30,000 / To Realisation A/c 26,000 / To Bank A/c 4,000.*
(iii) *Realisation A/c Dr. 6,000 / To Ravi's Capital A/c 6,000.*
(iv) *Ravi's Capital A/c Dr. 9,000 / Sunil's Capital A/c Dr. 6,000 / To Realisation A/c 15,000.* (Loss shared 3:2.)

M6 (6 marks). A, B and C share profits 3:2:1. Their Balance Sheet on 31st March 2026 was: Creditors ₹40,000; General Reserve ₹30,000; Capitals: A ₹1,50,000, B ₹1,00,000, C ₹50,000. Assets: Cash ₹40,000; Debtors ₹60,000; Stock ₹80,000; Furniture ₹50,000; Machinery ₹1,40,000. C retires on that date. Goodwill of the firm is valued at ₹60,000. Stock is reduced by ₹8,000 and machinery is appreciated by ₹20,000. C is paid ₹27,000 in cash and the balance is transferred to his loan account. A and B will share future profits in their old ratio. Prepare the Revaluation Account and Partners' Capital Accounts.

Net revaluation gain = 20,000 − 8,000 = ₹12,000, shared 3:2:1. C's share of goodwill = 60,000 × 1/6 = ₹10,000, paid by A and B (gaining partners, 3:2): A ₹6,000, B ₹4,000. General Reserve is shared 3:2:1.

Revaluation A/c	**₹**		**₹**
To Stock	8,000	By Machinery	20,000
To Profit: A 6,000 / B 4,000 / C 2,000	12,000		
Total	**20,000**	**Total**	**20,000**

Partners' Capital A/c	**A**	**B**	**C**
By Balance b/d	1,50,000	1,00,000	50,000
By General Reserve	15,000	10,000	5,000
By Revaluation profit	6,000	4,000	2,000
By A's and B's Capital (goodwill)			10,000
To C's Capital (goodwill)	6,000	4,000	
To Cash			27,000
To C's Loan A/c			40,000
Balance c/d	**1,65,000**	**1,10,000**	**Nil**

Amount due to C = 50,000 + 5,000 + 2,000 + 10,000 = ₹67,000, of which ₹27,000 is paid in cash and ₹40,000 goes to C's loan account. Check: the new Balance Sheet totals ₹3,55,000 on both sides.

M7 (3 marks). Current assets are ₹6,00,000 (including inventory ₹1,50,000 and prepaid expenses ₹30,000) and current liabilities are ₹3,00,000. Calculate the current ratio and the quick ratio.

Ans. Current ratio = 6,00,000 ÷ 3,00,000 = **2:1**. Quick assets = 6,00,000 − 1,50,000 − 30,000 = ₹4,20,000. Quick ratio = 4,20,000 ÷ 3,00,000 = **1.4:1**.

M8 (4 marks). Machinery (at cost) was ₹3,00,000 on 31st March 2025 and ₹4,00,000 on 31st March 2026. A machine costing ₹50,000, with accumulated depreciation of ₹30,000, was sold for ₹15,000 during the year. Calculate the cash flow from investing activities.

Ans. Machinery at cost: 3,00,000 + purchases − 50,000 = 4,00,000, so purchases = ₹1,50,000.
Sale proceeds ₹15,000 (inflow); purchase of machinery ₹1,50,000 (outflow). Net cash used in investing activities = **₹(1,35,000)**.

5. Frequently Asked Questions

1. What is the marks distribution for CBSE Class 12 Accountancy?

Ans. The theory paper is of 80 marks and 3 hours, with 34 questions. Part A (Partnership Firms and Companies) is 60 marks and Part B is 20 marks. The remaining 20 marks are for project work.

2. Is there any choice in the question paper?

Ans. There is no overall choice. As per the 2026–27 sample paper, internal choice is given in two questions of 3 marks, two of 4 marks and two of 6 marks. In Part B you choose either Analysis of Financial Statements or Computerised Accounting, as decided by your school.

3. Which topics should I prioritise?

Ans. Partnership accounts (reconstitution, admission, retirement, death and dissolution) and company accounts (shares and debentures) make up Part A, which is three-quarters of the theory paper, so they deserve the most time. In Part B, ratios and cash flow statements are the high-effort, high-scoring areas.

4. Are the model questions expected to come in the board exam?

Ans. No. They are practice questions written in board-exam style to build skill. The previous-year questions are drawn from the CBSE 2025 board papers, with the set and question number marked.

5. How should I use previous-year papers?

Ans. Attempt them under timed conditions, check your answers against the marking scheme for layout and working notes, and keep a short list of the mistakes you repeat. Revisit that list before the exam.

Always cross-check the syllabus and exam pattern with CBSE's latest official circulars before your exam.