



CBSE Class 12 Accountancy Formula Sheet

30 formulas across 6 chapters — 2025-26 CBSE board exams

Ch 1. Accounting for Partnership

Interest on Capital

$$= \text{Capital} \times \text{Rate}/100 \times \text{Time}$$

Interest on Drawings (if due dates not given)

$$= \text{Total drawings} \times \text{Rate}/100 \times 6/12$$

Tip: Use 6 months as average time for drawings spread evenly throughout year

Profit sharing ratio — New partner

$$\text{New ratio} = \text{Old ratio} - \text{Sacrifice ratio}$$

Sacrifice Ratio

$$\text{Sacrificing Ratio} = \text{Old Ratio} - \text{New Ratio}$$

Gaining Ratio

$$\text{Gaining Ratio} = \text{New Ratio} - \text{Old Ratio}$$

Ch 2. Goodwill

Average Profit method

$$\text{Goodwill} = \text{Average Profit} \times \text{Number of years purchased}$$

Super Profit method

$$\text{Goodwill} = \text{Super Profit} \times \text{Number of years purchased} \quad | \quad \text{Super Profit} = \text{Average Profit} - \text{Normal Profit}$$

Capitalisation method

$$\text{Goodwill} = \text{Total capitalised value} - \text{Net assets} \quad | \quad \text{Total capitalised value} = \text{Average profit} \times 100/\text{Normal Profit}$$

Annuity method

$$\text{Goodwill} = \text{Super profit} \times \text{Present value annuity factor}$$

Ch 4. Retirement / Death of Partner

Deceased partner's share of profit (death)

$$\text{Profit} = (\text{Profit for the year} \times \text{deceased partner's share}) \times (\text{months}/12)$$

Amount due to retiring partner

$$\text{Capital} + \text{Reserves share} + \text{Goodwill share} + \text{Profit share} - \text{Drawings} - \text{Losses}$$

Ch 5. Company Accounts

Calls-in-arrears

$$= \text{Called up capital} - \text{Paid up capital}$$

Paid up capital

$$= \text{Called up capital} - \text{Calls in arrears} + \text{Calls in advance}$$

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Discount on issue of shares

= Issue price < Face value (debit to statement of P&L or securities premium)

Tip: Shares cannot be issued at discount below face value under Companies Act 2013

Securities Premium Reserve usage

Can be used to: issue bonus shares, write off preliminary expenses, write off discount on debenture

Ch 7. Accounting Ratios

Current Ratio

Current Assets / Current Liabilities

Tip: Ideal: 2:1. Measures short-term liquidity

Quick Ratio (Acid-test / Liquid Ratio)

(Current Assets – Inventories – Prepaid Expenses) / Current Liabilities

Tip: Ideal: 1:1. Stricter liquidity test excluding slow-moving assets

Debt-Equity Ratio

Long-term Debt / Shareholders' Funds

Tip: Lower = safer; shows proportion of borrowed funds vs. owner's funds

Total Assets to Debt Ratio

Total Assets / Long-term Debt

Tip: Higher = better; measures asset coverage of long-term debt

Proprietary Ratio

Shareholders' Funds / Total Assets

Tip: Higher = more stable financing; proportion of assets owned by proprietors

Inventory Turnover Ratio

Cost of Revenue from Operations / Average Inventories

Tip: Average Inventories = (Opening + Closing)/2; higher = faster stock movement

Trade Receivables Turnover Ratio

Net Credit Revenue from Operations / Average Trade Receivables

Tip: Higher = faster collection from debtors (customers)

Trade Payables Turnover Ratio

Net Credit Purchases / Average Trade Payables

Tip: Higher = faster payment to creditors (suppliers)

Working Capital Turnover Ratio

Net Revenue from Operations / Net Working Capital

Net Working Capital = Current Assets – Current Liabilities

Gross Profit Ratio (%)

(Gross Profit / Net Revenue from Operations) × 100

Net Profit Ratio (%)

(Net Profit after Tax / Net Revenue from Operations) × 100

Operating Ratio (%)

(Cost of Revenue from Operations + Operating Expenses) / Net Revenue from Operations × 100

Tip: Operating Ratio + Operating Profit Ratio = 100%

Return on Investment (ROCE) (%)

$$\frac{\text{Net Profit Before Interest and Tax}}{\text{Capital Employed}} \times 100$$

Capital Employed = Shareholders' Funds + Long-term Debt

Ch 8. Cash Flow Statement

Cash from Operations (Indirect)

$$\text{Net Profit} + \text{Non-cash charges (depreciation etc.)} \pm \text{Changes in working capital}$$

Net Change in Cash

$$\text{Cash from Operating} + \text{Investing} + \text{Financing activities}$$