SHRI VIDHYABHARATHI MATRIC HR. SEC. SCHOOL

SAKKARAMPALAYAM, AGARAM (POST), ELACHIPALAYAM
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XII - STANDARD ACCOUNTANCY

TENTATIVE ANSWER KEY

S.No	Answer Key	Mark
	PART – I	20 x 1 = 20
1.	c) Capital A/c	1
2.	b) liabilities	1
3.	c)total debtors Accounts	1
4.	b)Rs.1,00,000	1
5.	c)(1)- (iv) 2-(iii) 3(i) 4((ii)	1
6.	b) Decrease every year	1
7.	c)3000	1
8.	a)Times	1
9.	b) Rs.Rs.4,00,000	1
10.	b)cash payments	1
11.	a)1,25,00,000	1
12.	b)Average period method	1
13.	c)Two	1
14.	b)intangible	1
15.	a) Goodwill Accounts	1
16.	b)Gaining	1
17.	c)Profit	1
18.	c)5%	1
19.	b)10	1
20.	a)Memorandum of Association	1

PART – II

21.

Adjusting Entry:

Date	Particulars	L. F.	Debit Rs.	Credit Rs.
	Cash A/c Dr Stock A/c Dr To C's capital A/c (being assets & Liabilities brought into the business)		1,00,0000 50,000	 1,50,000

2

22.

- **"Efficiency of Management"**

  If the management is capable , the firm will earn more profits and that will raise the firm's value.

2

23.

- **Residual Value**

It implies the value expected to be realized on its sale on the expiry of its useful life. This is otherwise known as **scrap value or turn -in-value**.

2

24.

Budget

According to the Institute of Cost and Management Accountants, London, Budget is a financial and /or quantitative statement ,prepared and approved prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective"

2

25.

- **Prepaid Expenses**

  Expenses which have been paid in advance called as **prepaid un expired)expenses.**

2

26.

- **Reserve capital**

  A company can reserve part of its uncalled capital to be called up only at the time of winding up. A special resolution ha to be passed for that purpose. This is called reserve capital.

2

27.

Adjusting Entry:

Date	*Particulars*	*L.F.*	*Debit Rs.*	*Credit Rs.*
	Bad debts A/c Dr To Sundry debtors A/c (Bad debts written off)		*5,000*	*5,000*

1

Transfer Entry

Date	*Particulars*	*L.F.*	*Debit Rs.*	*Credit Rs.*
	Profit & Loss A/c) To Bad debts A/c (Bad debts transferred to Profit & Loss A/c)		*5,000*	*5,000*

1

28.

Total Creditors Account Cr.

Particulars	**Amount Rs.**	**Particulars**	**Amount Rs.**
To Cash paid	40000	By Balance b/d	19000
		By Credit Purchases	51200
To Balance c/d (Closing Balance)	**30200**		
	………		…………
	70200		70200
	………..		………

2

29. **Fixed assets turnover Ratio :** 2

$$\frac{\text{Sales}}{\text{Fixed assets}} = \frac{300000}{75000} = \textbf{4 Times}$$

30. 2

i) Revaluation method

ii) Amount of depreciation=opening value-closing value

=120000-80000

= Rs.40000

SECTION – III

31. **calculation of Amount of depreciation:** 3

$$\text{Amount of depreciation} = \frac{\text{Total cost — Scrap value}}{\text{Estimated Life}}$$

$$= \frac{50000-5000}{\mathbf{10}}$$

$$= \frac{45000}{\mathbf{10}}$$

Amount of depreciation = 4500

calculation of Rate of depreciation:

Rate of depreciation = Amount of depreciation /original cost x100

= 4500/50,000 x100

=Rs.9%

32. **Causes of Depreciation :**

- **Obsolescence** : The old asset will become obsolete (useless) due to new inventions, improved techniques and technological advancement. 1
- **Effluxion of time** : When assets are exposed to forces of nature, like weather, wind, rain, etc., the value of such assets may decrease even if they are not put into any use. 1
- **Time Factor** : Lease, copy-right, patents are acquired for a fixed period of time. On the expiry of the fixed period of time, the assets cease to exist. 1

33. 3

Profit & Loss Account

Particulars		**Amount Rs.**	**Particulars**	**Amount Rs.**
To Insurance premium A/c	40000			
Less: Prepaid	5000	35000		

Balance Sheet

Liabilities	**Rs.**	**Assets**	**Rs.**
		Prepaid Insurance premium	5000

34. 3

Statement of Profit or loss

Particulars	Amount
Closing Capital Add: Drawings	**6000** **1200**
 Less : Additional capital	**7200** **2000**
Adjusted closing capital Less : Opening capital	**5200** **2700**
Profit	**2500**

35. **Under product method:**

Date of drawings	Amount drawn Rs.	Period	Product Rs
1.5.14	**2000**	**11**	**22000**
31.10.14	**3000**	**5**	**15000**
30.11.14	**5000**	**4**	**20000**
			57000

Interest on drawing= Total drawing xrate/100x1/12

$$=57000 \times \frac{10}{100} \times \frac{1}{12}$$

= Rs.475

3

36. Journal Entry

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
1,20,000 x 2	Bank A/c Dr To Share application A/c (being share application money received		**2,40,000**	**2,40,,000**
1,00,000 x 2	Share application A/c Dr To Share capital A/c (being share application transfer)		**2,00,000**	**2,00,000**
20,000 x 2	Share application A/c Dr To Bank A/c (being excess application money refunded)		**40,000**	**40,000**

3

37. **Solution:**

Debt - Equity Ratio $= \frac{\text{Total Long Term Debt}}{\text{Shareholders funds}}$

Total long term debt = Debentures + Loans from Bank
= 2,00,000 + 1,00,000
= Rs. 3,00,000

Shareholders funds = Equity Share Capital + Reserves
= 1,25,000 + 25,000
= Rs. 1,50,000

Debt-Equity Ratio $= \frac{3,00,000}{1,50,000}$ = 2:1

3

38. **Cash budget for the month of November 2016**

Particulars	**Rs.**
Opening cash balance	7,000
Add: Estimated cash receipt	
Cash sales	40,000
Dividend received	5,000
Less: Estimated cash payment	52,000
Cash purchase	32,000
Closing cash balance	**20,000**

3

39.

	Amali	:	**Kamali**	**:Kumuthini**
Old ratio	= **4**	:	**3**	
Old share	= $\frac{4}{7}$	:	$\frac{3}{7}$	
New profit share ratio	= $\frac{7}{14}$	:	$\frac{4}{14}$	: $\frac{3}{14}$
Sacrifice	= $\frac{4}{7}$ - $\frac{7}{14}$	:	$\frac{3}{7}$ - $\frac{4}{14}$	
(Oldshare – New share)				
	= **1: 2**			

3

40. **i) Is the calculated value of goodwill correct?**

No.

ii) Calculation on Average profit:

Average profit = Net profit - partners salary

=27,000 – 4,000

= Rs.23,000

iii)Calculation on Normal profit :

=Capital profit X normal rate of return

= 1,50,000 x $\frac{10}{100}$

= Rs.15,000

iii)Calculation of Super profit:

=super profit - average profit

=23,000 -15,000

= Rs.8,000

iv) Calculation Good will:

=Goodwill super profit x No.of years of purchase

= 8,000 x 2

=Rs.16,000

3

SECTION – IV

Fluctuationg capial method

Capital accounts

41. (a)

Date	**Particular**	**Ramu**	**Somu**	**Date**	**Particular**	**Ramu**	**Somu**
	To Drawing	6,000	4,000		By balance B/d	80,000	50,000
	To Interest on Drawing	150	100		By Interest on Capital	4,800	3,000
	To balance C/d	88,250	58,100		By Partner salary	Nil	2,000
					By partner commission	1,600	1,200
					By share of profit	8,000	6,000
		94,400	**62,200**			**94,400**	**62,200**
					By balance b/d	**88,250**	**58,100**

5

(b)

Trading Profit & Loss A/c Mr. Ragu for the year end 31.03.13

5

Particulars	Rs	Rs.	Particulars	Rs	Rs
To opening stock		5200	By sales		25000
To purchase		15000	By Closing stock		4900
To Gross Profit c/d (Transferred to profit and loss A/c)		9700			
		29900			**29900**
To salaries Add: outstanding salary	2000 300	2300	By Gross Profit b/d (Transferred from Trading A/c)		9700
To Rent Less;prepaid Rend	**1800** **200**	1600			
To Net Profit c/d (Transferred to capital A/c)		5800			
		9700			**9700**

Balance sheet of Mr. Murugan for the year ended 31.3.2013

Liabilities	Rs	Rs.	Assets	Rs	Rs
Capital	40000		Machinery		28000
Add : Net Profit	5800		Cash		6500
	45800		Debtors		2500
Less : Drawing	50000	40800	Prepaid Rent		200
			Closing stock		4900
Sundry creditors		1000			
Outstanding salary		300			
		42100			**42100**

42. (a)

Trading profit and loss account of Mr. Vijay as on 1st April 2014.

5

Dr **Cr**

Particulars	Rs.	Particulars	Rs.
To purchase	9,27,500	By sales	10,50,000
To Wages	15,750	By closing stock	1,22,500
To Gross profit c/d (Transferred to Profit and loss account)	**2,29,250**		
	11,72,500		11,72,500
To Miscellaneous expenses	35,000	By gross profit b/d	2,29,250
To Advertisement	17,500		
To Net profit c/d (Transferred to balance sheet)	1,76,750		
	2,29,250		**2,29,250**

Balance sheet of Mr. Vijay as on 31st March 2015.

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Sundry			Furniture		42,000
Creditors		1,75,000	Sundry		
Loan		52,500	Debtors		2,62,500
Capital	2,62,500		Stock		1,22,500
Add net profit	1,76,750		Cash		1,64,150
	4,39,250				
Less Drawing	75,600	3,63,650			
		5,91,150			5,91,150

(b) 5

Current Ratio:

Current Asset = 1,50,000

Current Ratio = 2:1

Current Liability = 75,000

(i) Current Asset = 75,000 x 2 = **1,50,000**

(ii) Liquid Ratio = Liquid asset / current liability

Current liability = 1,50,000 – 50,000 + 5,000

=95,000

Liquid Ratio = 95,000/ 75,000

Liquid Ratio = **1.2 : 1**

(iii) Absolute liquid ratio = Absolute liquid asset/Absolute liquid liability

= 50,000 /25,000

= **2: 1**

43. (a) 5

Cost Price	75,000
Less Depreciation 10%	7,500
	67,500
Less Depreciation 10%	7,500
	60,500
Less Depreciation 10%	7,500
Book value	52,500

Book value –selling price

= 52,500 – 35,000

Loss = Rs 17,500

Dr **Machinery Account** Cr

Date	Particulars	Rs.	Date	Particulars	Rs.
1.4.12	Bank a/c	75,000	31.3.13	By Depreciation a/c	7,500
			31.3.13	By Balance c/d	67,500
		75000			75000
1.4.13	Balance b/d	67,500	31.3.14	By Depreciation a/c	7,500
			31.3.14	By Balance c/d	60,000
		67,500			67,500
1.4.14	Balance b/d	60,000	31.3.15	By Depreciation a/c	7,500
			31.3.15	By Profit and loss a/c	17,500
				By bank	35,000
		60,000			60,000

Dr Depreciation Account Cr

Date	Particulars	Rs.	Date	Particulars	Rs.
31.3.13	By Machinery a/c	7,500	31.3.13	By profit and loss a/c	7,500
		7500			7500
31.3.14	By Machinery a/c	7,500	31.3.14	By profit and loss a/c	7,500
		7500			7500
31.3.15	By Machinery a/c	7,500	31.3.15	By profit and loss a/c	7,500
		7500			7500

(b) Journal Entry 5

Particulars	L.F.No	Dr Rs.	Cr. Rs
Goodwill account Dr To Malar capital a/c To Kiruba capital a/c To Begam capital a/c (Goodwill created)		40,000	 20,000 12,000 8,000
Goodwill account Dr To Malar capital a/c To Kiruba capital a/c To Begam capital a/c (Goodwill Increased)		10,000	 5,000 3,000 2,000
Malar capital a/c Dr Kiruba capital a/c Dr Begam capital a/c Dr To Goodwill account (Goodwill Decreased)		5,000 3,000 2,000	 10,000

44. (a) 5

(i) Calculation of net profit ratio :

Net profit ratio = Net profit / sales X 100

= 26600/100000 x 100

Net profit ratio = 26.6%

(ii) Calculation of Operating profit ratio :

Operating profit ratio = Operating profit / Sales x 100

Operating profit = 26600 + 800 – 400

= 27000

=27000/100000 x 100

Operating profit ratio = 27%

(iii)Calculation Operating ratio :

Operating ratio = 100% - Operating profit ratio

= 100% - 27%

Operating ratio = 73%

(b) 5

Journal Entry

Particulars	L.F.No	DrRs.	Cr. Rs
Share capital a/c dr To share forfeiture a/c To Share First call a/c To Share Final call a/c (Being share forfeiture for the non-payment of first and final call)		1,000	 400 300 300
Bank a/c Dr Share forfeiture a/c Dr To share capital a/c (Being shares were reissued)		300 100	 400
Share forfeiture a/c Dr To capital reserve a/c (Being share forfeiture transferred to capital reserve a/c)		60	 60

45. (a) 5

Statement of affairs as on Miss. Vanitha 31.3.2014

Liabilities	Rs	Rs	Assets	Rs	Rs
creditors		18,000	Bank balance		4,500
Closingcapital		25,400	stock		4,000
			Debtors		7,600
			Furniture Less: depreciation cash	30,000 3,000	 27,000 300
		43,400			43,400

statement of profit and loss for the year ended

Particulars	Amount
Closing capital	25,400
Add : Drawings	10,000
	35,400
Less : Additional capital	4,000
Adjusted closing capital	31,400
Less: Opening capital	23,200
Profit	**8,200**

(b)

Revaluation A/c

Particulars	Amount	Amount	Particulars	Amount	Amount
Stock A/c		3,000	Investment a/c		12,000
Furniture a/c		1,000	Revaluation loss:		
Machinery a/c		5,000	Chitra capital a/c	600	
Outstanding liability		4,000	Megala capital a/c	400	1000
		13,000			13,000

5

46. (a)

Cash budget for the month of October and November

Particulars	October Rs.	November Rs.
Opening cash balance	3,000	2,000
Add: Estimated cash receipt :		
Cash sales	12,000	14,000
Dividend Received	----	4,000
Assets sale	----	12,000
Total cash receipt available during the month (A)	**15,000**	**32,000**
Less : Estimated Cash payment:		
Credit purchase	10,000	14,000
Income tax	3,000	---
Total cash payment available during the month (B)	**13,000**	**14,000**
Closing cash balance(A-B)	**2,000**	**18,000**

5

(b)

(i) Murugan's interest on capital :

$= \left[8000\ X\ \frac{6}{100}\right]$ **= Rs. 4,800**

(ii) Gugan's interest on capital :

$= \left[60000\ X\ \frac{6}{100}\ X \frac{6}{12}\right] + \left[52000\ X\ \frac{6}{100}\ X \frac{6}{12}\right]$

[1.4.14 to 30.9.14] [30.9.14 to 31.3.14]

=1800+1560 **= Rs.3360**

(iii) Amalan's interest on capital :

$= \left[40000\ X\ \frac{6}{100}\ X \frac{9}{12}\right] + \left[52000\ X\ \frac{6}{100}\ X \frac{3}{12}\right]$

[1.4.14 to 31.12.14] [31.12.14 to 31.3.15]

=1800+780 = **Rs.2580**

5

47. (a)

Extracted from the balance sheet of -------- limited as on ----------

Liabilities	Rs	Rs	Assets	Rs	Rs
Share capital:			**(i)Current assets**		
(i) Authorised share capital :			Bank balance		80,000
50,000 share of Rs. 10 each		5,00,000	**(ii) Miscellaneous expenditure:**		
(ii) Issued capital :			Discount on issue of shares		10,000
10,000 shares of Rs. 10 each		1,00,000			
(iii) Subscribed capital					
9,000 shares of Rs. 10 each		90,000			

5

	Particulars		Rs	Particulars		Rs
	(iv) Called up capital 9,000 shares of Rs. 10 each **(v) Paid up capital :** 9,000 shares of Rs. 10 each		90,000 90,000			
			90,000			90,000

(b)

Dr **Profit and loss a/c for the year ended** Cr

Particulars	Rs	Rs	Particulars	Rs	Rs
Old bad debt	3,000		Provision for discount on debtors	2,000	
Add: New bad debt	1,000		Less: 2% Discount on debtors	931	
	4,000			1069	
Add: 5% of bad and doubtful debts	2,450		Less: Discount on debtors	1000	69
	6,450				
Less: Old bad and doubtful debts	5,000	1,450			

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