SHRI VIDHYABHARATHI MATRIC HR. SEC. SCHOOL

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XII - STANDARD ACCOUNTANCY

COMMON HALF YEARLY EXAMINATION - DEC - 2018 22.12.2018

S.No	Answer Key	Mark
	SECTION – I	**20 x 1 = 20**
1.	c) Capital A/c	1
2.	a) Bad debts	1
3.	b) Statement of affairs	1
4.	a) Small Traders	1
5.	b) Rs.2,15,000	1
6.	b) Depreciation - Increase the value of fixed assets	1
7.	a) Loss	1
8.	c) Rs.16,200	1
9.	b) Rs.2,05,000	1
10.	a) Current	1
11.	b) Future	1
12.	c) Current	1
13.	b) Super profit	1
14.	c) Sacrificing ratio	1
15.	a) Profit	1
16.	c) Loan a/c	1
17.	c) 2:1	1
18.	b) Share holder of the company	1
19.	a) 6%	1
20.	c) One month	1
	SECTION – II	
21.	Malar = $\frac{50,000}{2,00,000}$ x 100 = 25% Rani = $\frac{40,000}{1,00,000}$ x 100 = 40% Rani is the More profitable.	1 1

22.	**"Security Premium Account"** ❖ Securities premium will be Appeared Liabilities side of Balance Sheet and the heading of Reserve & Surplus	2
23.	**What is conversion method?** If is desired to calculate profit by preparing trading and profit and loss account under single entry system, then it is called conversion method.	2
24.	***Definition of Depreciation :*** ***Carter*** defines depreciation as "the gradual and permanent decrease in the value of an asset from any cause".	2
25.	**Cash Receipts**(Any 2) ❖ Cash sales ❖ Cash receivable from customers ❖ Business receipts like interest, commission, dividend etc ❖ Sale of assets ❖ Proceeds from issue of shares/debenture loan borrowed	2
26.	**Method of valuation of Goodwill(any 2)** ❖ Average Profit method ❖ Super Profit method ❖ Capitalization method	2
27.	**Adjusting Entry:** (table below)	1
	Transfer Entry (table below)	1

27. Adjusting Entry:

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
	Capital A/c Dr. To Interest on drawings A/c (Being Interest on drawing provided)		**5,000**	**5,000**

Transfer Entry

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
	Interest on drawings A/c Dr. To Profit & loss A/c (Being Interest on drawing provided)		**5,000**	**5,000**

28. **Net profit Ratio :** (2)

$\frac{\text{Net Profit}}{\text{Sales}}$ X 10 $= \frac{40,000}{1,00,000}$ X 100 = 40%

29. **Journal Entry** (2)

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
	Bank A/c Dr To Share Capital A/c (Being 50,000 share issued)		**50,00,000**	**50,00,000**

30. **Interest on drawing of Sundry** : (2000 x 12) (2)

$= \text{Total drawing x } \frac{Rate}{100} \text{ x } \frac{13}{24}$

$= \text{Rs.}24,000 \text{ x } \frac{10}{100} \text{ x } \frac{13}{24}$

= Rs.1,300/-

SECTION – III

31. Workings : 3

Sundry debtors 50,000

Less : Bad & doubtful debts 2,500 47,500

PROFIT AND LOSS A/C **Cr.**

Particulars	**Amount**	**Amount**
Old provision for bad &doubtful debts	**4,300**	
(-)New Bad & doubtful debt	**2,500**	
	1,800	
(-) bad debts	**800**	**1,000**

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. **Shareholders fund :** $= \frac{\text{Total long term debt}}{\text{Share holders fund}}$ 1

$= \frac{1,50,000}{2} =$ 75,000/- 1

$= \frac{1,50,000}{1} =$ 1,50,000/- 1

34. 3

Statement of Profit or loss

Particulars	**Amount**
Closing Capital	1,80,000
Add: Drawings	36,000
	2,16,000
Less : Additional capital	10,000
Adjusted closing capital	2,06,000
Less : Opening capital	1,60,000
Profit	**46,000**

35. 3

Cash Budget for the month June, 2005

Particulars	**Rs.**
Opening cash balance	10,000
Add: Estimated receipts:	
Cash Sales	1,00,000
Total cash available during the month	1,10,000
Less: Estimated cash payments:	
Cash purchases	70,000
Interest paid	1,000
Total cash payments	71,000
Closing cash balance	**39,000**

36. (3 marks)

Calculation of average profit :

		Rs.
II year	=	26,000
III Year	=	34,000
IV Year	=	50,000

		1,10,000
(-) I Year loss		10,000

Total Profit		1,00,000

Average Profit $= \dfrac{\text{Total Profit}}{\text{No.of years}}$

$= \dfrac{1,00,000}{4} = \text{Rs.}25,000$

Calculation of Goodwill :

Goodwill = Average profit x No of years purchase

= Rs.25,000 x 2

= Rs.50,000

37. (3 marks)

		Sudha		Latha
Old Share	=	$\frac{4}{7}$	:	$\frac{3}{7}$
Sacrific	=	$\frac{2}{7}$	:	$\frac{1}{7}$

New Share :

(Old Share –Sacrificing) $= \frac{4}{7} - \frac{2}{7} : \frac{3}{7} - \frac{1}{7} : \frac{3}{7}$

$= \frac{2}{7} : \frac{2}{7} : \frac{3}{7}$

New Share = 2 : 2 : 3

Sacrificing = 2 : 1

38. (3 marks)

The main differences between the two methods of maintaining capital accounts are as follows:-

Basis of distinction Method	**Fixed Capital Method**	**Fluctuation Capital Method**
1. Change in Capital	The capital normally remains unchanged except under special circumstances.	The capital is changing from period to period.
2. Number of Accounts	Each partner has two accounts, namely, Capital Account and Current Account.	Each partner has only one account i.e., Capital Account.
3. Balance	Capital Account shows always a credit balance. Current account may sometimes show debit or credit balance.	Capital Account shows always a credit balance.
4. Adjustments	All adjustments relating to partners are recorded in the Current Accounts.	All adjustments relating to partners are recorded directly in the Capital Accounts itself.

39. **Journal Entry** 1½

Particulars	L.F.	Debit Rs.	Credit Rs.
Capital Reserve A/c Dr. To Mano's Capital A/c To Mani's Capital A/c To Maran's Capital A/c (Being Capital Reserve transferred to old partner capital)		30,000	 15,000 9,000 6,000
Mano's captialA/c Dr Mani's capital A/c Dr Maran's capital A/c Dr To Profit &loss A/c		10,000 6,000 4,000	 20,000

1½

40. **Journal Entry** 3

Particulars	L.F.	Debit Rs.	Credit Rs.
Share capital A/c Dr. To Share for feiture A/c To Share final call A/c (Being 200 equity share were for the non-payment of final call money)		2,000	 1,600 400

SECTION – IV

41. (a) **Diminishing Balance Method:** 5

Cost price 2,00,000
Less : depreciation 10% 20,000

1,80,000
Less:Depreciation 10% 18,000

1,62,000
Less:Depreciation 10% 16,200

Book value 1,45,800

Book value – selling price = 1,45,800 – 1,60,000
Profit = 14,200

LEDGER ACCOUNTS IN THE BOOK OF Mr. KANNAN 31st March

MACHINERY A/C

1.4.2010 To Bank	2,00,00 0	31.3.11 by dep. A/c	20,000
		31.3.11 by bal.c/d	1,80,000
	2,00,000		2,00,000
1.4.2011 To Bal b/d	1,80,000	31.3.12 by dep. A/c	18,000
		31.3.12 by bal.c/d	1,62,000
	1,80,000		1,80,000
1.4.2012 To Bal b/d	1,62,000	31.3.13 by dep. A/c	16,200
31.3.2013 To P &L A/c	14,200	31.3.13 by bank A/c	1,60,000
	1,76,200		1,76,200

DEPRECIATION A/C

(b) **Profit & Loss Appropriation Accounts for the year ended** — 5

Particulars	Amount Rs.	Particulars	Amount Rs.
To Interest on Capital : Anbu : 9000 Balan : 6000	15,000	By Net Profit	60,000
To Salary	15,000	By Drawing : Anbu : 500 Balan : 250	750
To Profit transferred to capital A/c's Anbu : 15,375 Balan : 15,375	30,750		
	60,750		**60,750**

42. (a) **Cash Budget for the Month of March and April 2004** — 5

Particulars	March Rs.	April Rs.
Opening cash Balance	4,025	5,025
Add : Estimated cash receipts :		
Cash sales	18,000	24,000
(A) Total cash available during the month	22,025	29,025
Cash purchases	12,000	16,000
Salaries	5,000	5,000
Repayment of loan	-----	6,500
(B) Total cash payments	17,000	27,500
Closing cash balance (A-B)	**5,025**	**1,525**

(b) **Journal Entry** — 5

Particulars	L.F.	Debit Rs.	Credit Rs.
Solaman's Capital A/c Dr. To Bank A/c (Being amount paid to Solaman)		25,000	25,000

	Solaman Capital A/c Dr. To Solaman Loan A/c (Being amount due to solaman transferred to to solaman loan A/c)		25,000	25,000	
	Solaman Capital A/c Dr. To Bank A/c To Solaman Loan A/c (Being part of the amount loan and part of the amount cash paid to Solaman A/c)		50,000	25,000 25,000	

43. (a) 5

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

Particulars	Rs	Rs.	Particulars	Rs	Rs
To opening stock		15,600	By sales		75,000
To purchase		45,000	By Closing stock		14,700
To Gross Profit c/d (Transferred to profit and loss A/c)		29,100			
		89,700			89,700
To salaries	6,000				
Add: unpaid	1,000	7,000	By Gross Profit b/d (Transferred from Trading A/c)		29,100
To Rent		4,500			
To Insurance premium		900			
To Net Profit c/d (Transferred to capital A/c)		16,700			
		29,100			**29,100**

Balance sheet of Mr. Murugan for the year ended 31.3.2013

Liabilities	Rs	Rs.	Assets	Rs	Rs
Sundry creditors		10,500	Cash		13,500
Salaries unpaid		1,000	Bank		13,500
Capital	1,20,000		stock		14,700
Add : Net Profit	16,700		debtors		7,500
	1,36,700		Machinery		84,000
Less : Drawing	15,000	1,21,700			
		1,33,200			**1,33,200**

(b) 5

Journal Entry

Particulars	L.F.	Debit Rs.	Credit Rs.
Share Capital A/c Dr. To share for forfeiture A/c To share final call A/c (Being share for forfeiture for the non-payment of final call)		1,000	700 300
Bank A/c Dr. Share for forfeiture A/c Dr. To share capital A/c (Being share were re-issued)		800 200	1,000
Share for forfeiture A/c Dr. To Capital reserve A/c (Being forfeiture transferred to reserve)		500	500

44. (a) **(i) Calculation of Credit Sales :** (5)

Total Debtors Account

Particulars	Rs.	Particulars	Rs.
To Balance b/d	1,00,000	By Cash received	5,90,000
To Credit sales	5,71,000	By Discount allowed	5,000
		By Returns Inwards	6,000
		By Balance c/d	70,000
	6,71,000		**6,71,000**

(ii) Calculation of Credit Purchases :

Total Creditors Account

Particulars	Rs.	Particulars	Rs.
To Discount received	3,000	By Balance b/d	65,000
To Cash paid	40,000	By Credit Purchases	38,000
To Return outwards	10,000	(Balancing Figure)	
To Balance c/d	50,000		
	1,03,000		**1,03,000**

Total Purchases = **Cash purchases + Credit purchases**
= Rs.25,000 + Rs.38,000
= **Rs.63,000**

To Sales = **Cash sales + Credit sales**
= Rs.50,000 + Rs.5,71,000
= **Rs.6,21,000**

(b) (5)

Journal Entry

Particulars	L.F.	Debit Rs.	Credit Rs.
Investment A/c Dr. To Revaluation A/c (Profit item Credited to Revaluation A/c)		18,000	 18,000
Revaluation A/c Dr. To Stock A/c To Furniture A/c To Machinery A/c To Workmen's Compensation A/c (Loss items debited to revaluation A/c)		78,000	 18,000 6,000 30,000 24,000
Radha Capital A/c Dr. Amudha Capital A/c Dr. To Revaluation A/c (Loss on revaluation transferred to old partners capital accounts in the old ratio)		36,000 24,000	 60,000

Revaluation Accounts

Particulars	Rs	Rs.	Particulars	Rs	Rs
To Stock A/c		18,000	By Investments A/c		18,000
To Furniture A/c		6,000	By Loss on revaluation transferred to :		
To Machinery A/c		30,000			
To workmen's Compensation A/c		24,000	Radha's Capital A/c	36,000	
			Amudha's CapitalA/c	24,000	60,000
		78,000			**78,000**

45. (a) (5)

Gross Profit Ratio $= \frac{\text{Gross Profit}}{\text{Sales}} \times 100$

= Sales cost of goods sold

= 3,00,000 - 1,50,000

= 1,50,000

$= \frac{1,50,000}{3,00,000} \times 100$

Gross Profit Ratio = 50%

$= \frac{\text{Net Profit}}{\text{Sales}} \times 100$

$= \frac{30,000}{3,00,000} \times 100$

Net Profit Ratio = 10%

Current Ratio $= \frac{Current\ \ asset}{Current\ \ liability}$

Current assets = 60,000

Current liability = 30,000

$= \frac{60,000}{30,000}$

= 2 : 1

(b) (5)

Average Profit = Net profit - Partner's remuneration

= 54,000 - 9,000 = 45,000

(ii) Normal Profit = Capital Employed x Normal rate of return

$= 3,00,000 \times \frac{10}{100} = 30,000$

(iiii) Super Profit = Average Profit – Normal Profit

= 45,000 – 30,000 = Rs.15,000

(iv) Goodwill = Super profit x No. of years purchase

= 15,000 x 2 = Rs.30,000

46. (a) (5)

Statement of affairs as on 31st March 2004

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Sundry creditors		25,000	Bank balance		8,000
Expenses out standing		1,000	Stock		80,000
Closing capital (B/F)		1,16,500	Sundry debtors		50,000
			Furniture		2,500
			Cash in hand		2,000
		1,42,500			1,42,500

Statement of profit or loss

Particulars	Rs.
Closing capital	1,16,500
Add : Drawings (1000x12)	12,000
	1,28,500
Less : Additional capital	20,000
Adjusted closing capital	1,08,500
Less : Opening capital	1,20,000
Loss	**11,500**

(b) 5

Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

Current Assets = Stock + Debtors + Cash+ Prepaid expenses

= 22,000 + 19,000 + 15,000 + 20,000

= Rs. 48,000

Current liabilities = Creditors

= Rs. 24,000

Current Ratio = $\frac{48,000}{24,000}$

Liquid Ratio = $\frac{\text{Liquid Assets}}{\text{Current Liabilities}}$

Liquid Assets = Current Asset – (Stock + Prepaid expenses)

= 48,000 – (22,000 + 2,000)

= 48,000 – 24,000

= Rs. 24,000

Liquid Ratio = $\frac{24,000}{24,000}$ = 1:1

47. (a) 5

Journal Entry

Particulars	L.F.	Debit Rs.	Credit Rs.
Bad debts A/c Dr. To Sundry debtors A/c (Being Bad debts provided)		2,000	2,000
Profit & Loss A/c Dr To Provision for Bad & doubtful Debts A/c (Being Bad & doubtful debts recordal)		3,000	3,000
Profit & Loss A/c Dr To provision for discount on debtors A/c (Being discount on debtors provided)		1,140	1,140

Depreciation A/c Dr To Machinery A/c (Being depreciation provided)		10,000	10,000
Closing stock A/c Dr To Trading A/c (Being closing stock recorded)		12,140	12,140

Transfer Entry

Particulars	L.F.	Debit Rs.	Credit Rs.
Profit and Loss A/c Dr To Bad debts (Being bad debts transferred to profit & Loss A/c)		2,000	2,000

(b) **Journal Entry** 5

Particulars	L.F.	Debit Rs.	Credit Rs.
Bank A/c Dr. To share application A/c (Being application money received)		27,000	27,000
Share application A/c Dr. To share capital A/c (Being share application transferred to share capital)		27,000	27,000
Share allotment A/c Dr. To share capital A/c (Being allotment money due)		27,000	27,000
Bank A/c Dr. To share allotment A/c (Being allotment money received)		27,000	27,000
Share first call A/c Dr. To share capital A/c (Being first call money due)		18,000	18,000
Bank A/c Dr. To share first call A/c (Being first call money received)		18,000	18,000
Share final call A/c Dr. To share capital A/c (Being final call money due)		18,000	18,000
Bank A/c Dr. To share final call A/c (Being final call money received)		18,000	18,000