Department of Government Examinations Chennai-6

Higher Secondary Examination-September 2020

Accountancy Key Answers(New Syllabus)

PART-I

[20 x 1=20]

1	C	Capital
2	A	Total debtors account
3	B	Real Account
4	B	Capital Receipt
5	B	Income and Expenditure Account
6	C	Partner's Salary
7	C	Interest on loan – Debited to capital account
8	C	Rs.10000
9	B	3
10	B	Nominal A/c
11	D	Indian Partnership Act-1932
12	B	Loss
13	C	Infosys Limited
14	A	Securities premium account
15	B	Working Capital
16	C	5
17	A	Proprietary ratio
18	B	2:1
19	D	Indirect Expenses
20	B	Special purpose report

PART-II

[7 x 2=14]

Q.NO	CONTENT	MARKS
21	A statement of affairs is a statement showing the balances of assets and liabilities on a particular date.	2

22	Statement of profit or loss Closing capital 180000 (+)Drawings 50000 2,30,000 (-)Additional capital 40,000 Adjusted capital 1,90,000 (-)Opening capital 2,20,000 Loss. 30,000 (Marks will be given for anyother method is attempted)	2
23	Amount received towards life membership fee from members is a capital receipt as it is non-recurring in nature.	2
24	Income and Expenditure A/c for the yr ended..... Expenses: Stock of stationery 2600; Add:Purchases 6500; 9100; Less:Closing stock 2200; 6900 Income:	2
25	The profit and Loss Appropriation Account is an extension of profit and loss account. Its prepared for the purpose of adjusting the transactions relating to accounts due to and amounts due from partners.	2
26	Average Profit $= \frac{\text{Total Profit}}{\text{No. of years}}$ $= \frac{10000+11000+12000+13000+14000}{5}$ $= \frac{60000}{5} = ₹\ 12000$ Goodwill = Average profit x No. of yrs purchase = 12000 x 2 yrs = ₹ 24000	1 1

27	Sacrificing ratio is the proportion of the profit which is sacrificed or foregone by the old partners in favour of the new partners.	2
28	(i) 2009 (ii) Double entry system of Book- keeping	1 1
29	1. Authorised capital/ Registered capital / Nominal capital 2. Issued capital 3. Subscribed capital 4. Called up capital 5. Paid up capital 6. Reserve capital	2
30	(i) Charitable institutions (ii) Educational institutions (iii) Cultural societies (iv) Sports and recreation clubs (v) Hospitals (vi) Libraries (vii) Literary associations	$(4x\frac{1}{2}=2)$

PART-III

[7x3=21]

Q.NO	CONTENT				MARKS
31	Particulars	₹	Particulars	₹	
	To Balance b/d To credit sales	1,00,000 2,80,000	By cash A/c By Discount all By sales Returns By Bal c/d	2,30,000 5,000 25,000 1,20,000	
		3,80,000		3,80,000	3

Q.NO	Basis	Receipts and Payment A/c	Income and Exp.A/c	MARKS
32	1. Purpose:	Prepared to know the cash receipts and cash payments.	Prepared to know surplus or deficit during the current period.	
	2.Nature of A/c:	It is Real A/c	It is nominal A/c	(Any three) [3x1=3]
	3.Basis of Accounting:	It is based on cash system of accounting. Non cash items are	It is based on accrual system of accounting. Non cash items like	

		not recorded	outstanding expenses, depreciation are recorded.	
	4.<u>Opening and Closing Balance:</u>	It commences with an opening balance of cash and bank and ends with closing balance of cash and bank	There is no opening balance. It ends with surplus or deficit	
	5.<u>Nature of items:</u>	It contains actual receipts and payments	It contains only revenue items.	
	6.<u>Period:</u>	Information relating to past, present and subsequent period are recorded.	Only current period items are recorded	
33	Total amount withdrawn 2500 x12 = 30,000 Interest on Drawings = Total amt of drawings x Rate x$\frac{Avg\ peroid}{12}$ (i) <u>At the beginning</u> $30{,}000\, X \frac{4}{100} X \frac{6.5}{12} =₹650$ (ii) <u>In the middle</u> $30{,}000\, X \frac{4}{100} X \frac{6}{12} = ₹600$ (iii) <u>At the end</u> $30{,}000\, X \frac{4}{100} X \frac{5.5}{12} = ₹550$			1 1 1
34	(i) Profitability of the firm (ii) Favourable location of the business Enterprise (iii) Good quality of goods and services offered (iv) Tenure of the business Enterprise (v) Efficiency of Management (vi) Degree of Competition			(Any three) [3x1=3]
35	New share of old partners = old share – share sacrificed Vimala $= \frac{4}{7} - \frac{1}{14} = \frac{8-1}{14} = \frac{7}{14}$			
	Kamala $= \frac{3}{7} - \frac{1}{14} = \frac{6-1}{14} = \frac{5}{14}$			

	Vinitha $= \frac{1}{14} + \frac{1}{14} = \frac{2}{14}$ New profit ratio = 7:5:2	2
	Sacrificing Ratio = 1:1	1

36

Date	Particulars	L.F	Debit	Credit	
2018 1.1.18	Rosi capital A/c Dr Rathi capital A/c Dr Rani capital A/c Dr To profit and loss A/c (Accumulated loss)		15,000 15,000 15,000	45,000	3

37

Date	Particulars	L.F	Debit	Credit	
1	Bank A/c Dr To share Application A/c Dr		12,00,000	12,00,000	1
2	Share Application A/c Dr To share capital A/c		12,00,000	12,00,000	2

38

Comparative Income statement of Daniel Ltd.

Particulars	2015-16	2016-17	Amount Increase + Or Decrease -	Percentage Increase + Or Decrease -	
Revenue from operation	40,000	50,000	+10,000	+25	
Less: Operating Exps.	25,000	27,500	+ 2,500	+10	
	15,000	22,500	+7500	+50	3
Less: Income	4,500	6,750	+ 2,250	+50	

	Tax30%. Profit after tax	10,500	15,750	+5250	+50	
39	Accounting voucher is a document which contains details of transactions. Transactions are to be recorded through voucher Entries. Tally has a set of predefined vouchers such as purchase , sales, payment, receipt and contra.					3
40	(i) Gross profit ratio (ii) Operating cost ratio (iii) Operating profit ratio (iv) Net profit ratio (v) Return on investment					2
	These ratios are expressed as a percentage.					1

PART-IV [7x5=35]

Q.NO	CONTENT				MARKS
41.(a)	Statement of affairs of subha as on 31.3.2019				
	Liabilities		Assets		
	Bank overdraft Creditors Bills payable Capital (Balancing Figure)	50000 90000 2,40,000 4,20,000	Debtors Bills Receivable Computer Machinery Stock in trade Cash	1,80,000 70,000 30,000 3,00,000 1,60,000 60,000	3
		8,00,000		8,00,000	
	Statement of profit or loss for the yr ended 31.3.2019				
	Particulars		Rs		
	Closing capital + Drawings		4,20,000 30,000		
			4,50,000		
	- Additional capital		40,000		2
	Adjusted closing capital - Opening capital		4,10,000 1,20,000		

	Profit	2,90,000	
41(b)	Accounting Information System(AIS) collects financial data, processes them and provides information to the various users. To provide information AIS requires data from other information system that is manufacturings marketing and human resources. Similarly,other information systems require data from AIS in order to provide information.Thus, data exchange among the information systems is inevitable.For example,to compute amount of wages to be paid,AIS requires data from manufacturing information system and human resource information system.		5

42(a) In the books of Trichy Recreation Club

Dr **Income and Expenditure Account for the year ended 31.3.2018** Cr

Expenditure	Rs.	Income	Rs.
To Rent	2,800	By Dividend received	27,600
To secretary's honorarium	15,000	By sale of old newspaper	3,000
To postage	1,700	By member's subscription	31,000
To general expenses	4,350	By Locker rent	8,000
To printing and stationery	45,000	By interest on Investments	1,250
To Audit fees	5,000	By profit on sale of furniture(5000-4400)	600
		By Deficit (Excess of expenditure over income)	2,400
	73,850		73,850

5

42(b) (i)Gross profit ratio $= \frac{Gross\ profit}{Revenue\ from\ operations} X\ 100$

Gross profit = Revenue from operations – purchase of stock in trade+ changes in inventories

= 24,00,000 -18,80,000 + (-80,000)

= 6,00,000

Gross profit ratio $= \frac{6,00,000}{24,00,000} X\ 100$

= 25%

3

(ii)Net profit ratio $= \frac{Net\ profit}{Revenue\ from\ operations} X\ 100$

$= \frac{2,40,000}{24,00,000} X\ 10$ = 10%

2

43(a). Dr **Partner's Capital Account** Cr

Date	Particulars	Shanthi	Sumathi	Date	Particulars	Shanthi	Sumathi
2018 Dec31	To balance c/d	1,10,000	1,00,000	2018 Jan1	By balance b/d	1,00,000	80,000
				June1	By bank (additional capital)	10,000	20,000
		1,10,000	1,00,000			1,10,000	1,00,000
				2019 Jan1	By balance b/d	1,10,000	1,00,000

2

Dr **Partner's Current Account** Cr

Date	Particulars	Shanthi	Sumathi	Date	Particulars	Shanthi	Sumathi
	To drawings	20,000	13,000		By balance b/d	5,000	3,000
	To Interest on drawings	500	300		By Profit and loss approximation on A/C(share of profit)	10,000	8,000
	To Balance c/d	9,800	4,300		By interest on capital	6,300	5,400
					By salary	9,000	-
					By commission	-	1200
		30,300	17,600			30,300	17,600
					By balance b/d	9,800	4,300

3

43(b) Common size Balance sheet of Meena Ltd on 31st March 18

Particulars	Absolute Amount	Percentage of Revenue from operation
I.Equity and Liabilities		
share holder's funds	2,00,000	50
Non-current liabilities	1,60,000	40
Current liabilities	40,000	10
Total	4,00,000	100
II.Assets		
Non current Assets	3,00,000	75
Current Assets	1,00,000	25
	4,00,000	100

5

44(a) (i)No interest on capital is payable to any partner
(ii)No interest is chargeable on drawings

	(iii)Profits should be distributed equally (iv)No Remuneration is payable to any partner (v)Interest on loan is payable at 6% p.a	5
44(b)	Revaluation Account	

Particulars	Rs	Rs	Particulars		Rs	
To Debtors		2000	By Building A/c		10,000	
To profit on Revaluation transferred to			By Stock A/c		3,000	
James capital	5500					1
Justina Capital	5500	11,000				
		13,000			13,000	

Dr Capital Account Cr

Particulars	James	Justina	Balan	Particulars	James	Justina	Balan	
To Balance c/d	58,000	68,000	25,000	By Balance b/d	40,000	50,000	-	
				By Reserve Fund	7,500	7,500	-	
				By Bank A/c	-	-	25,000	2
				By Revaluation	5,500	5,500	-	
				By Bank A/c(share Goodwill)	5,000	5,000		
	58,000	68,000	25,000		58,000	68,000	25,000	
				By Balance b/d	58,000	68,000	25,000	

Dr Bank Account Cr

Particulars			Particulars		
To Balance b/d		15000	By Balance c/d		50000
To Balan's Capital A/c		25000			
To James Capital A/c,		5000			
To Justina Capital A/c		5000			
		50000			50000

Balance Sheet as on 31.12.2017

Liabilities			Assets			
Capital Accounts James A/c	56000		Building Add Appreciation	70000 10000	80000	2

	Justina A/c Balan's A/c Creditors A/c	68000 25000	1,51,000 35000 1,86,000	Stock Add: Appreciation Debtors – under valued Bank prepaid Insurance	30000 3000 20000 2000	33000 18000 50000 5000 1,86,000	
45(a)	Average Profit $= \frac{Total\ profit}{No.of\ years}$ $= \frac{13,000+15,000+17,000}{3}$ $= \frac{45,000}{3}$ = ₹.15,000 Normal Profit = Capital Employed X Normal rate of return $= 50,000 \text{ X } \frac{10}{100}$ = ₹ 5,000 Super profit = Average profit-Normal profit =15,000-5000 = ₹ 10,000 Goodwill =Super profit x Value of Annuity =10,000 x 2,4868 = ₹ 24,868						2 1 1 1

45(b)	Date	Particulars	L. F	Debit	Credit	
		Share 1st and final call A/c Dr To share capital A/c		2,00,000	2,00,000	2
		Bank A/c Dr Calls in Arrear A/c Dr To share 1st and final call A/c		1,96,000 4,000	2,00,000	3

46(a)	Date	Particulars	L. F	Debit	Credit	
	(i) 2018 April 1	Sathish's capital A/C Dr Sudhan's Capital A/c Dr To Goodwill A/c (Existing Goodwill written off)		20,000 15,000	35,000	2

	(ii) 2018 April	Sathish's capital A/C Dr Sudhan's Capital A/c. Dr To Goodwill A/c (Existing Goodwill written off to the extent of ₹21,000)		12,000 9,000	21,000	3
46(b)	**Date**	**Particulars**	L.F	**Debit**	**Credit**	
	(i)	<u>Issued at par(50,000 x 10)</u> Bank A/c Dr To share Application A\C (Application money received)		5,00,000	5,00,000	1
		Share Application A/C Dr To share Capital (Application money transferred to sh-cap)		5,00,000	5,00,000	1
	(ii)	<u>Issued at a premium</u> Bank A/c Dr To share Application (Application money received)		6,50,000	6,50,000	1
		Share Application A/c Dr To share Capital A/c To securities premium (Application money transferred to share capital)		6,50,000	5,00,000 1,50,000	2

47(a)

$$\text{Inventory turnover ratio} = \frac{\text{cost Of revenue from operation}}{\text{Average Inventory}}$$

Cost of revenue from operation = Opening Inventory + Net purchase + Carriage Inward – Closing Inventory

$$= 1,70,000+6,90,000+20,000-1,30,000$$

$$= 7,50,000$$

$$\text{Average Inventory} = \frac{\text{Opening inventory+closing inventory}}{2}$$

$$= \frac{1,70,000+1,30,000}{2} = \frac{3,00,000}{2}$$

$$= 1,50,000$$

$$= \frac{7,50,000}{1,50,000} = 5 \text{ times}$$ 3

$$\text{Inventory Conversion period} = \frac{\text{number of months}}{\text{Inventory turnover period}}$$

$$= \frac{12}{5} = 2.4 \text{ months}$$ 2

47(b)	Journal Entries					
	Date	Particulars	L.F	Debit	Credit	
(i)		a)Rathna's Executor A/c Dr To Bank A/c		1,00,000	 1,00,000	1
(ii)		b)Rathna's Executor A/c Dr To Rathna's Executor Loan A/c		1,00,000	 1,00,000	1
(iii)		c)Rathna's Executor A/c Dr To Bank A/c To Rathna's Executor Loan A/c		1,00,000	 60,000 40,000	2
(iv)		The Amount due will be paid to the exector of Rathna (or) Rathna's capital A/c Dr To Rathna's executor A/c		 1,00,000	 1,00,000	1 (or) 1