

XII - Accountancy with AFS

(un-official answer key - Dec-2018)

PART - A

ACCOUNTING

- 1. Profit and loss A/c
- 2. Interest loan
- 3. Loss
- 4. old partner's Capital / Current A/c.
- 5. old share of A and C

$\frac{2}{5}$  and  $\frac{1}{5}$

share acquired by A and C from B equally

i.e.  $\frac{2}{5} \times \frac{1}{2} = \frac{2}{10}$  (Both the partners)

New ratio of A =  $\frac{2}{5} + \frac{2}{10}$   
 $= \frac{4+2}{10}$   
 $= \frac{6}{10}$

New ratio of C =  $\frac{1}{5} + \frac{2}{10}$   
 $= \frac{2+2}{10}$   
 $= \frac{4}{10}$

New ratio of A and C = 6:4  
 i.e. = 3:2

6.

Balancesheet

Liabilities	Amount	Assets	Amount
Tournament fund 20,000			
Add: Donation for tournament: 80,000			
<u>1,50,000</u>			
less: Tournament exp 75,000			
	<u>25,000</u>		

7. a) 4.5 months.

b) 6.5 months.

8. 1) a right to share the assets of the firm  
 2) a right to share profit/loss of the firm.

9) C's share of goodwill =  $60,000 \times \frac{1}{3}$   
 = 20,000.

1) Cash A/c. Dr 50,000  
 To C's Capital A/c 50,000.

(Being the amount brought in by him as his Capital).

2) C's Capital A/c. Dr 20,000  
 To A's Capital a/c 10,000  
 To B's Capital a/c 10,000

(Being Capital accounts of A and B credited in their Sacrificing Ratio)

(3)

10)

Total profit = 1

Remaining share =  $1 - \frac{1}{3}$  (Sona's share)  
 $= \frac{2}{3}$

New ratio of Soma =  $\frac{2}{3} \times \frac{2}{3}$   
 $= \frac{4}{9}$

New ratio of Sulu =  $\frac{1}{3} \times \frac{2}{3}$   
 $= \frac{2}{9}$

Sona's share =  $\frac{1}{3} \times 3 = \frac{3}{9}$

New ratio of Soma, Sulu and Sona  
 $= \frac{4}{9} : \frac{2}{9} : \frac{3}{9}$

11)

- \* Capital of Retiring partner
- \* Interest on Capital
- \* Goodwill
- \* Revaluation profit
- \* General Reserve (any other 4 items)

12)

A's Capital A/c	Dr	10,000	
B's Capital A/c	Dr	10,000	
C's Capital A/c	Dr	10,000	
To	profit and loss A/c		30,000.



13. 1) Interest on Capital a/c. Dr 10,000

To Anun's Capital A/c 6000

To Babu's Capital A/c 4000

(Interest on Capital Credited to partners Capital a/c)

2) Profit and Loss Appropriation a/c. Dr 10,000

To Interest on Capital a/c 10,000

(Interest on Capital transferred to Profit and Loss Appropriation a/c)

14.

Average profit = 20,000

Normal rate of return = 10%

Net asset (Capital Employed) = 1,64,000

$$\begin{aligned} \text{Normal profit} &= \text{Capital Employed} \times \frac{\text{N.R.R}}{100} \\ &= 1,64,000 \times \frac{10}{100} \\ &= \underline{\underline{16,400}} \end{aligned}$$

$$\begin{aligned} \text{Super profit} &= \text{Avg profit} - \text{Normal profit} \\ &= 20,000 - 16,400 \\ &= \underline{\underline{3600}} \end{aligned}$$

$$\begin{aligned} \text{Goodwill} &= \text{Super Profit} \times \frac{100}{\text{N.R.R}} \\ &= 3600 \times \frac{100}{10} \\ &= \underline{\underline{36,000}} \end{aligned}$$

15)

a) A's Capital a/c - Dr 95,000  
 To Cash/Bank a/c 95,000

(Settlement of A's claim in  
 lumpsum payment)

b) A's Capital A/c - Dr  
 To A's loan a/c.  
 (For transfer of balance in  
 the account of retiring  
 partner to his loan a/c)

c) A's Capital A/c - Dr 95,000  
 To A's loan a/c 60,000  
 To Cash/Bank a/c 35,000

16)

	Amal	Biju	Cijo. (admitted)
Old ratio	$\frac{2}{3}$	$\frac{1}{3}$	-
New ratio	$\frac{3}{6}$	$\frac{2}{6}$	$\frac{1}{6}$
Amal's Sacrifice =	$\frac{2}{3} - \frac{3}{6}$ $= \frac{4-3}{6}$ $= \frac{1}{6}$		
Biju Sacrifice =	$\frac{1}{3} - \frac{2}{6}$ $= \frac{2-2}{6}$ $= 0/6$		



S.R of Amal and Biju are.

1:0

b) goodwill to be brought in by Cijo  
 $= 1,20,000 \times \frac{1}{6}$   
 $= \underline{\underline{20,000}}$

- c) 1) Cash A/c Dr 20,000  
 To Goodwill a/c 20,000
- 2) Goodwill A/c Dr 20,000  
 To Amal's Capital a/c 20,000

17.

Yearly Installment =  $\frac{80,000}{4} = 20,000$

Dr			Cr		
date	Particular	Amount	date	particular	Amount
I	To Cash/Bank (20000 + 80000) To bal b/d	28,000 60,000 <hr/> 88,000	I	By B's Capital a/c By Interest (80,000 $\times$ $\frac{10}{100}$ )	80,000 8,000 <hr/> 88,000
II	To Cash/Bank (20,000 + 6000) To bal c/d	26,000 40,000 <hr/> 66,000	II	By bal b/d By Interest	60,000 6,000 <hr/> 66,000
III	To Cash/Bank (20000 + 4000) To bal c/d	24000 2000 <hr/> 44,000	III	By bal b/d By Interest	40000 4000 <hr/> 44,000
IV	To Cash/Bank	22,000 <hr/> 22,000	IV	By bal b/d By Interest	20,000 2000 <hr/> 22,000

18)

(7)

Dr		Revaluation A/c		Cr	
Particulars	Amount	Particulars	Amount		
Stock	5000	Building	10,000		
Provision for DD	3000				
Sanju's Capital a/c (2000 × $\frac{3}{5}$ )	1200				
Manju's Capital a/c	800				
	<u>10,000</u>				<u>10,000</u>

## partners Capital A/c.

Particulars	Sanju	Manju	Ranjith	Particulars	Sanju	Manju	Ranjith
To Bal c/d	1,29,200	72,800	50,000	By bal b/d	80,000	40,000	-
				By Cash	-	-	50,000
				By G/W	24,000	16,000	-
				By General Reserve	24,000	16,000	-
				By Revaluation	1200	800	-
	<u>1,29,200</u>	<u>72,800</u>	<u>50,000</u>		<u>1,29,200</u>	<u>72,800</u>	<u>50,000</u>

## Balance sheet of new firm

Liabilities	Amount	Assets	Amounts
Creditors	50,000	Cash (5,000 + 50,000 + 40,000)	95,000
Bills payable	20,000	debtors	60,000
Capital a/c :-		less: provision	3000
Sanju	1,29,200	Stock	30,000
Manju	72,800	less: depreciation	5000
Ranjith	50,000	Machinery	35,000
		Building	1,00,000
		Add: appreciation	10000
	<u>3,22,000</u>		<u>3,22,000</u>



19) Accounting problems or adjustments that arise on the retirement of a partner are the following

- 1) Change in the profit sharing ratio
- 2) Calculation of gaining ratio
- 3) adjustment regarding goodwill
- 4) adjustment of reserve and accumulated profit or loss
- 5) Revaluation of assets and liabilities
- 6) ascertainment of profit or loss up to the date of retirement
- 7) Calculation of total amount due to the retiring partner
- 8) adjustment of Capital of Continuing partner

(Brief explanation of all points)

PART-B  
Analysis of Financial Statements (AFS)

- 1. b) Interest
- 2. Balance sheet
- 3. Security premium reserve
- 4. All of these
- 5. Common size statement
- 6. \* to issue fully paid bonus shares to the existing shareholders.
- \* to write off preliminary expense of the company



\* To write off the expense of, or Commission paid or discount allowed on any issue of shares or debentures of the Company.

\* To pay premium payable on the redemption of preference shares or debentures of the Company.

7.)

1) Bank A/c. Dr 10,00,000  
To 10% debentures A/c 10,00,000.  
(Being amount received on issue of debentures)

2) 10% debenture A/c. Dr 10,00,000  
To Debenture holders a/c. 10,00,000.  
(Being amount due to debenture holders on redemption)

3) Debentureholders A/c. Dr 10,00,000  
To Bank a/c 10,00,000.  
(Being cash paid to debenture holder on redemption)

8)

- a) Loose tools - Inventories
- b) unpaid dividend - other Current liabilities

- 9) \* Shareholders fund
- \* share application money pending allotment
- \* non Current liabilities.
- \* Current liabilities.

- 10) a) management of a Company analyse the financial statements to assess its operating efficiency and financial position.
- b) Creditors may focus their attention on the liquidity position of the Company.

- 11) \* Financial analysis does not consider price level changes.
- \* Monetary information alone is considered in financial analysis while non-monetary aspects are ignored (any two limitations).

- 12) \*
- \* Investors
  - \* Creditors
  - \* government
  - \* Employees
  - \* Bankers

13) No. of shares to be issued =  $\frac{\text{Amount payable}}{\text{Issue price}}$

Issue price =  $10 - 10\% \text{ of } 10$   
 $= 10 - 1$   
 $= \underline{9}$

No. of shares to be issued =  $\frac{1,80,000}{9}$   
 $= \underline{\underline{20,000 \text{ shares}}}$

9) Building A/c. Dr 1,80,000  
    To Aroma Ltd. 1,80,000.  
(Being Building purchased)



b)

Anoma Ltd 1,80,000  
 Dis. on issue of shares of ₹ 20,000  
 (20,000 × 1)

To Equity share Capital 2,00,000

(Being 20,000 shares issued at price ₹ 9 per share)

14.

Sunflower Ltd

Balance sheet as on 31-03-18

particulars	Note No.	Figures as at 31-03-2018	Figures as at 31-03-18
<u>Share holders fund:-</u>			
a) Share Capital		-	
b) Reserve and Surplus	1	5,00,000	
c) money received against share warrant		-	
		5,00,000	

note to accounts

note no	particulars	Amount
1	<u>Reserve and Surplus:-</u>	
	General Reserve 8,00,000	
	Less: Statement of profit or loss (Dr) 30000	
		5,00,000
		5,00,000

15. \* The financial data for a number of years are taken up and one year, usually the first year, is taken as base year

\* The figures of the base year are taken as 100 and trend ratio for other years are calculated in relation to the base year.

\* The base period should be a normal period and should be selected carefully.

Trend percentage =  $\frac{\text{present value}}{\text{Base year value}} \times 100$ .

16.

Common Size Income Statement

particulars	Absolute amount Rs.	percentage of Net Sales <del>Rs</del> %
Net sales	25,00,000	100
<u>Less</u> : Cost of goods sold	12,00,000	48
Gross profit	13,00,000	52



17.

Statement of profit and loss for the year ended

particulars.	Note no	Figures for Current reporting period	figures for the previous reporting period.
I Revenue from operation		xxx	xxx
II other Income		xxx	xxx
III Total Revenue (I + II)		xxx	xxx
IV Expense		xxx	xxx
V profit before exceptional and extra ordinary items and Tax (III - IV)		xxx	xxx
VI Exceptional items		xxx	xxx
VII profit before extra ordinary items (V - VI)		xxx	xxx
VIII Extra ordinary items		xxx	xxx
IX profit before tax (VII - VIII)		xxx	xxx
X Tax Expense (i) Current tax ii) Deferred tax			
XI profit for the period from continuing operation (IX - X)		xxx	xxx
XII profit/loss from discontinuing operation (IX - X)		xxx	xxx
XIII Tax expense of discontinuing operation		xxx	xxx
XIV profit/loss from discontinuing operation (after tax)		xxx	xxx
XV profit (loss) for the period (XII - XIII)		xxx	xxx
XVI Earnings per share (XV + XIV) (i) Basic (ii) Diluted		xxx	xxx

### Comparative Statement of Omega Ltd for the years 2016-17 & 2017-18

Particulars	2016-17	2017-18	Absolute Increase/Decrease	Percentage Increase/Decrease
	Rs.	Rs.	Rs.	Rs. %
Sales Revenue	6,00,000	8,00,000	2,00,000	33.33%
Less: Cost of goods sold	3,00,000	6,00,000	3,00,000	100%
Gross Profit	3,00,000	2,00,000	(1,00,000)	(33.33%)
Less: Indirect Exp	1,80,000	90,000	(90,000)	(50%)
profit before tax	1,20,000	1,10,000	(10,000)	(8.33)%
Less: Interest Income Tax	36,000	44,000	8,000	22.22%
profit after tax	84,000	66,000	(18,000)	(21.43)%

19.

Kamal Ltd.

Balance sheet

Particulars	Note No.	Figures as at 31-03-2020 Current year	Figures as at previous year
Equity and liabilities			
a) Share holder fund			
Share Capital	1	35,90,000	



note to accounts

note no	particulars	Amount
1	<p>Share Capital:-</p> <p>Authorised share Capital 50000 equity shares of 100 each</p> <hr/> <p>Issued Capital 40000 equity shares of 100 each</p> <hr/> <p>Subscribed and fully paid up Capital 35500 <del>36000</del> equity equity shares of Rs. 100 each fully paid</p> <p>Add: Subscribed but not fully paid up Capital :- 500 equity share of Rs. 100 Each fully called up (500 x 100) 50,000</p> <p>Less: Calls in arrears (500 x 20) 10,000</p>	<p>50,00,000</p> <hr/> <p>50,00,000</p> <hr/> <p>40,00,000</p> <hr/> <p>35,50,000</p> <p><del>36,00,000</del></p> <p>49,000</p> <hr/> <p>35,90,000</p> <hr/>

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