Answer Key (Unofficial)

Accountancy with CA

Maximum Score 60

Part A – Accounting   (40 Score)

Any 5 Questions from 1-6, each carries 1 Score

1. d) No

2. 5:3

3. c) Net Assets

4. a) His share of Goodwill

5. b) Profit & Loss Adjustment A/c*

6. a) Accumulated loss

Any 4 Questions from 7-11, each carries 2 Score

7. a) Change in profit sharing ratio

   b) Admission of a Partner

   c) Retirement or death of a Partner

   d) Amalgamation of two partnership firms

8. Old ratio between A,B and C = 3:2:1

   D's Share = 10%, ie : 1/10

   Assume Total Profits = 1

   D's Share = 1/10, Balance available to A,B and C = 1-1/10 = 9/10

   A's New share = 9/10 x 3/6 = 27/60

   B's New share = 9/10 x 2/6 = 18/60

   C's New share = 9/10 x 1/6 = 9/60

   D's Share = 1/10   = 6/60

So New Ratio will be 27:18:9:6 = <u>9:6:3:2</u>

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9. a)   Cash A/c   Dr   20000

            To Chinnu's Capital A/c   20000

        (Capital and brought in by Chinnu)

    b)   Cash A/c   Dr   4000

            To Premium for Goodwill A/c   4000

        (Premium brought in by Chinnu)

    c) Premium for Goodwill A/c Dr   4000

            To Ichu's Capital A/c   2400

            To Nachu's Capital A/c   1600

                    Or

        Cash A/c   Dr   24000

            To Chinnu's Capital A/c   20000

            To Ichu's Capital   A/c   2600

            To Nachu's Capital   1600

        (Cash brought in by Chinnu as Capital and premium)

10. a) Anu's Capital A/c   Dr 5000

        Binu's Capital A/c   Dr 5000

        Cinu's Capital A/c   Dr 5000

            To Profit & Loss A/c   15000

        (Accumulated loss debited to all Partner's Capital A/c)

    b) General reserve A/c   Dr   36000

            To Anu's Capital A/c   12000

            To Binu's Capital A/c   12000

            To Cinu's Capital A/c   12000

        (General reserve credited to all Partner's Capital A/c)

11. Gaining ratio: The remaining partners, Abhi and Roy, will share Shafi's goodwill in their gaining ratio. Since no new ratio is mentioned, it is assumed they gain in their original profit sharing ratio of 3:1.

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Gaining Ratio = 3:1

Total goodwill of the firm = ₹120000

Shafi's share of Goodwill = 120000 x 2/6 = ₹40000

Debit Abhi's A/c = 40000 x ¾ = ₹30000

Debit Roy's A/c = 40000 x ¼ = ₹10000

Journal Entry

Abhi's Capital A/c   Dr 30000

Roy's Capital A/c   Dr 10000

   To Shafi's Capital A/c   40000

(Retiring Partner's share of goodwill debited to continuing partners in Gaining ratio)

Any 5 Questions from 12-17, each carries 3 Score

12. **Calculation of Value of goodwill**

Capital invested = ₹ 200000

NRR = 15%

Normal Profit = 200000 x 15/100 = ₹ 30000

Actual Profit = ₹ 48000

Super Profit = 48000 − 30000 = ₹ 18000

Value of Goodwill = 18000 x 3 = ₹ 54000

13. Jaria's Capital = ₹ 120000

Jaria's Share of profit = 1/5

On the basis of Jaria's Capital and share of profit the value of the firm

= 120000 x 5/1 = ₹ 600000

The total capital of the firm after admission of Jaria

= 160000+10000+120000 = ₹ 380000

Goodwill of the firm = Total value of the firm − Total capital of the firm

= 600000 − 380000 = ₹ 220000 (Hidden Goodwill)

Jaria's Share of Goodwill = 220000 x 1/5 = ₹ 44000

Sacrificing Ratio = 3:2 (Same as old ratio)

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Journal Entry for Capital and Goodwill

Cash A/c   Dr   164000

    To Jaria's Capital   120000

    To Afeeja's Capital   26400

    To Ayisha's Capital   17600

(Jaria brought in cash as Capital and premium)

(Or Simple journal Journal entries, Entry for Goodwill only can be accepted)

14. a) Investment A/c   Dr   20000

    To Revaluation A/c   20000

(Unrecorded Investment brought in to records)

b) Revaluation A/c   Dr   5000

    To Stock A/c   5000

(Overvalued stock brought in to actual value)

c) Creditors   A/c   Dr   650

    To Revaluation A/c   650

(Unclaimed creditors brought in to records)

15. a) The **Profit and Loss Adjustment Account** is another name for the **Revaluation Account.**

It is a nominal account prepared to revalue the assets and liabilities of a firm at the time reconstitution of a partnership firm (Admission, Retirement, Death or change in profit sharing ratio) and to find profit or loss arising there from. Increase in value of assets are credited and decrease in value are debited to this account. Increase in value of liabilities are debited and decrease in liabilities are credited to this account. Unrecorded items are also brought in to this account. The balance of this account either profit or loss is transferred to partner's capital account in their profit sharing ratio. **(Meaning only is enough)**

b) **Sacrificing Ratio:** a) It is the ratio in which old partners give up their share of profit in favour of a new partner. b) Calculated at the time of **admission** of a new partner.

Gaining Ratio: a) It is the ratio in which the remaining partners acquire the outgoing partner's share of profit. B) Calculated at the time of **retirement or death** of a partner.

16. a) **Interest on Capital to Anand**

On ₹ 30000 for full year   = 30000 x 10/100   = 3000

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Less On ₹ 10000 for 6 months = 10000 x 10/100 x 6/12   = 500

   Total Interest on Capital to Anand =   2500

 b) **Interest on Drawings of Sabu**

    Here No dates are given so Interest is calculated for 6 Months

    Interest on Drawings = 10000 x 10/100 x 6/12 = ₹ 500

17. Sunil's share of profit is calculated on the basis of last year's profit

    Sunil's profit share = 1/10

    Sunil's share of profit for 9 Months (Up to death) = 120000 x 1/10 x 9/12 **= ₹ 9000**

   Journal Entry

    Profit and Loss suspense A/c   Dr   9000

     To Sunil's Capital A/c   9000

   (Profit up to the date of death credited to deceased partner's capital A/c)

Any 2 Questions from 18-20, each carries 6 Score

18.   Revaluation A/c

Particulars	₹	Particulars	₹
Machinery	5000	Furniture	2000
Provision for bad debt	600		
		Capital A/cs:	
		John : 2400	
		Don : 1200	3600
	5600		5600

Partner's Capital A/c

Particulars	John	Don	Shon	Particulars	John	Don	Shon
Revaluation	2400	1200		Balance B/d	50000	38000	
John's Current				Cash			30000
A/c	5600			Goodwill	8000	4000	
				General reserve	10000	5000	
Don's Current							
A/c		15800					
Balance C/d	60000	30000					
	68000	47000			68000	47000	

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New Ratio 2:1:1

Capital of the firm based on shon's capital and share of profit

  = 30000 x 4/1 = ₹ 120000

  John' new capital will be 120000 x 2/4 = ₹ 60000

  Don's new capital will be 120000 x ¼ = ₹ 30000

  John's capital after adjustments = ₹ 65600

   That is excess by ₹ 5600

  Don's Capital after adjustments = ₹ 45800

   That is excess by ₹ 15800

19. a)   Profit & Loss Appropriation A/c

Particulars	₹	Particulars	₹
Kamal's Salary	60000	Profit & Loss A/c	181000
Kiran's Commission	48000	Interest on Drawings:	
Interest on Capital :		Kamal : 1250	
Kamal : 32000		Kiran : 750	2000
Kiran : 24000	56000		
To Capital A/cs :			
Kamal : 12667			
Kiran : 6333	19000		
	183000		183000

b)   Partner's Current accounts

Particulars	Kamal	Kiran	Particulars	Kamal	Kiran
Drawings	40000	20000	Balance B/d	90000	70000
			Kamal's Salary	60000	
Interest on			Kiran's Commission		48000
Drawings	1250	750	Interest on Capital	32000	24000
			P&L Appropriation	12667	6333
Balance C/d	153417	127583			
	194667	148333		194667	148333

20. a) New ratio between Mohan and Anas is 2:1

The capital of the new firm fixed at ₹ 240000

So, Mohan's capital in the new firm = 240000 x 2/3 = ₹ 160000

The capital of Mohan after all adjustments = ₹ 164000

So Mohan can withdraw the excess of ₹ 4000

Anas's Capital in the new firm = 240000 x 1/3 = ₹ 80000

The capital of Anas after all adjustments = ₹ 82000

So Anas can withdraw the excess of ₹ 2000

Journal Entry :   1)   Mohan's Capital A/c   Dr   4000

                              To Cash A/c   4000

                    2)   Anas's Capital A/c   Dr   2000

                              To Cash A/c   2000

b) Old profit sharing ratio 1:1:1

Case (i) Lilly gets 5/8 of 1/3 = 5/24

Lilly's New share = 1/3 + 5/24 = 13/24

Jhinsi gets 3/8 of 1/3 = 3/24

Jhinsi's New share = 1/3 + 3/24 = 11/24

New Ratio = 13:11

Case (ii) Lilly gets 2/3 of 1/3 = 2/9

Lilly's New share = 1/3 + 2/9 = 5/29

Jhinsi gets 1/3 of 1/3 = 1/9

Jhinsi's New share = 1/3 + 1/9 = 4/9

New Ratio = 5:4

Case (iii) Lilly gets 1/2 of 1/3 = 1/6

Lilly's New share = 1/3 + 1/6 = 3/6

Jhinsi gets 1/2 of 1/3 = 1/6

Jhinsi's New share = 1/3 + 1/6 = 3/6

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= 3:3 ie 1:1

New Ratio = 1:1

Part B – Computerised Accounting   (20 Score)

Any 3 Questions from 21-24, each carries 1 Score

21. 4

22. PMT Function

23. b) Scatter chart

24. a) Direct Expense

Any 4 Questions from 25-29, each carries 2 Score

25. a) Drawings – Capital

   b) Sales returns – Direct Expenses

   c) Depreciation – Indirect Expenses

   d) Preliminary Expenses – Miscellaneous Expenses (Asset)

26. a) To Display trial balance

      Report – Trial Balance – Set the date – View

   b) To delete ledger accounts

      Master – Edit accounts – Select ledger – Delete

27. a) Data Label - The value of the data series plotted in a chart

   b) Chart floor – Lower area on which the data points are placed

   c) Legend – It is an identifier of a piece of information shown in the chart

28. a) Donut Chart - A donut chart is a type of pie chart that represents data as proportions of a whole but with a hollow centre. It display data in rings, where each ring represent a data series.

   b) Exploded pie Chart – It is a kind of Pie chart in which one or several slices are separated from the other.

29. a) # Name Error - This error occurs when LibreOffice Calc does not recognise the Text in formula. (Misspelled formula/Forget to close double quotes in formula etc)

   b) ### Error – This error occurs when a numerical value entered in a column is not enough to display the contents.It happens when the columns are too narrow for holding the data.

Any 3 Questions from 30-33, each carries 3 Score

30. **Security Features of CAS Software**

Password Security: It is secret key word used by an authorised person to get access to computer, file or program.

Data Audit: This feature of CAS helps to fix the responsibility upon a person who have used the computer in a defined period and track changes have been made during this time

Data Vault: It helps to maintain confidentiality of information by encrypting the data.

31. <u>Features of GNUKhata</u>
   1. It is a free and open source accounting software.
   2. Based on double entry system of accounting
   3. Financial reports like trial balance, trading and Profit and loss account ,balance sheet etc can be prepared
   4. Password security and data audit facility provided.
   5. Export import of data is possible in spreadsheet.
   6. Source documents can be attached along with the voucher entry etc

32. i) =B1*20%

   ii) =B1*10%

   iii) =SUM(B1:D1)

33. a) RATE: This function is used to evaluate the rate of return on investment over a given period of time.   Syntax: =RATE(NPer,Pmt,PV,FV,Type,Guess)

   b) CONCATENATE: This function is used to combine several text strings of different cells in to one string   Syntax: =CONCATENATE("Text1","Text2",………….."Text30")

   c) NPV : NPV function returns the present value of a series of periodic cash inflows at discount rate. Syntax : =NPV(Rate,Value1,Value2,Value3,……..)

Important:

Disclaimer : This an unofficial Answer key, Pls recheck all answers.

         *The term "Profit and loss adjustment account" is not shown in the latest Text book of NCERT. So students may choose "None of these" as answer for question No 5 & also may be confused in Question No 15 (a)

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