MARCH - 2020 - KEY ANSWER

XII STANDARD – ACCOUNTANCY – ENGLISH MEDIUM

A.VENNILA
PRINCIPAL
MYDEEN MATRIC. HR.SEC. SCHOOL
MELACAUVERY – KUMBAKONAM.
CELL NO.: 8220179521
8608481579

Time Allowed : 3.00 Hours

Maximum Marks : 90

PART - I

I. Choose the most suitable from the given four alternatives and write the option code and the corresponding answer **20 x 1 = 20**

1	C	Capital	11	C	Rs.3,000
2	C	Nominal Account	12	B	Non-Monetary Data
3	D	Adjusted Closing Capital	13	D	1-iii 2-ii 3-iv 4-i
4	B	Rs.50,000	14	C	Current Assets
5	B	Not Allowed	15	B	1-i 2-iv 3-iii 4-ii
6	A	Fixed Capital Method	16	C	Journal Voucher
7	C	Current Account	17	A	Goodwill under annuity method – Average Profit x Present value annuity factor
8	C	Sacrificing Ratio	18	D	Gateway of Tally – Reports- Display – Trial Balance
9	D	Share Capital Account	19	D	Old profit sharing ratio
10	A	Reserve Capital	20	C	110%

PART - II

II. Answer any seven questions. Question No.30 is compulsory. **7 x 2 = 14**

21. The accounts generally maintained by small sized sold trader when double entry accounting system is not followed because:

- Generally cash account and the personal accounts of customers and creditors are maintained by small sized sold trader.
- When double entry accounting system is nor followed.

22. Revenue Receipts of Not-for-profit organisation - Examples:

1. Subscription.
2. Interest on Investment.
3. Interest on Fixed Deposit.
4. Sale of Old Sports Material.

23. . Interest on drawings = Amount of drawings x Rate of interest x Period of interest

$$= \text{Rs. } 30{,}000 \times \frac{6}{100} \times \frac{4}{12}$$

= Rs.600

Journal Entry

Date	Particulars		L.F.	Debit Rs.	Credit Rs.
2018 Dec. 31	Mani's Capital A/c To Interest on drawings A/c (Interest on drawings charged)	Dr.		600	600
,,	Interest on drawings A/c To Profit and loss appropriation A/c (Interest on drawings account closed)	Dr.		600	600

24. Self-Generated Goodwill – Meaning:

- It is the goodwill which is self generated by a firm based on features of the business such as favourable location, loyal customers, etc.,
- Such Self-generated goodwill cannot be recovered in the books of accounts.

25. Calculation of Average Profit:

$$\text{Average Profit} = \frac{\text{Total Profit}}{\text{No. of Years}} = \frac{8{,}000 + 10{,}000 + 9{,}000}{3} = \frac{27{,}000}{3} = \textbf{Rs.9,000}$$

26. Calculation of Sacrificing Ratio:

Old Ratio of Anbu and Raju = 3: 2 That is, 3/5 : 2/5

New ratio of Anbu, Raju and Akshai = 5:3:2 That is, 5/10 : 3/10 : 2/10

Sahre Sacrified = Old Share - New Share

Anbu $= \frac{3}{5} - \frac{5}{10} = \frac{6-5}{10} = \frac{1}{10}$

Raju $= \frac{2}{5} - \frac{3}{10} = \frac{4-3}{10} = \frac{1}{10}$

Sacrificing ratio of Anbu and Raju is 1/10 : 1/10 that is , 1:1

27. Calculation of Goodwill:

(i) Super Profit = Average Profit - Normal Profit = 14,000 - 4,000 = Rs.10,000

(ii) Valuation of Goodwill = Super Profit x Present value of annuity factor

= 10,000 x 3.352 = Rs.33,520

28. Journal Entry

Date	Particulars		L.F.	Debit Rs.	Credit Rs.
	Bank A/c	Dr.		1,20,000	
	To Equity Share Capital A/c				1,00,000
	To Securities Premium A/c				20,000
	(Issued 10,000 Equity shares of 10 at a premium of Rs.2)				

29. Five Accounting Reports in Tally.ERP 9:

1. **Day Books/ Journal**
2. **Ledger**
3. **Trial Balance**
4. **Income Statement**
5. **Balance Sheet**

30. Liquidity – Meaning:

1. **Liquidity means capability of being converted into cash with ease.**
2. **Liquidity ratios help to assess the ability of a business concern to meet its short term financial obligations.**
3. **Liquidity ratios are also called as short term solvency ratios.**

Liquidity Ratios includes:

(i) Current Ratio and (ii) Quick Ratio

PART - III

III. Answer any seven questions. Question No.40 is compulsory. 7 x 3 = 21

31. Calculation of Drawing:

Particulars	Rs.
Capital at the end of the year	35,000
(+) Drawings (B/F)	5,000
	40,000
(-) Additional Capital	2,500
Adjusted Closing Capital	37,500
(-) Opening Capital	27,500
Profit made during the year	10,000

32. Total Creditors Account

Particulars	Rs.	Particulars	Rs.
To Cash Paid A/c	1,20,000	By Balance B/d	30,000
To Purchase Return A/c	15,000	By Credit Purchase (B/F)	1,30,000
By Balance c/d	25,000		
	1,60,000		1,60,000

Total Purchase = Cash Purchase + Credit Purchase
= 2,25,000 + 1,30,000 = **3,55,000**

33. Balance Sheet as on 1st April, 2019

Liabilities	Rs.	Assets	Rs.
Subscription Received in Advance 2019-20	8,000	Sports Equipment	30,000
Prize Fund	10,000	Computer	25,000
Capital (B/F)	80,000	Subscription Outstanding 2018-19	5,000
		Prize Fund Investment	10,000
		Cash in hand	7,000
		Cash at Bank	21,000
	98,000		98,000

34. Difference Between Fixed Capital Method and Fluctuating Capital Method

S. No.	Basis of distinction	Fixed capital method	Fluctuating capital method
1.	Number of accounts	Two accounts are maintained for each partner, that is, capital account and current account.	Only one account, that is, capital account is maintained for each partner.
2.	Change in capital	The amount of capital normally remains unchanged expect when additional capital is introduced or capital is withdrawn permanently.	The amount of capital changes from period to period.
3.	Closing balance	Capital account always shows a credit balance. But, current account may show either debit or credit balance.	Capital account generally shows credit balance. It may also show a debit balance.

35. Calculation of Goodwill:

(i) Total Profit = 20,000 + 17,000 + 23,000 = Rs. 60,0000

(ii) Average Profit $= \dfrac{\text{Total Profit}}{\text{Number of years}} = \dfrac{60{,}000}{3} =$ **Rs.20,000**

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

$= 80{,}000 \times \dfrac{15}{100} = \text{Rs.}12{,}000$

(iv) Super Profit = Average Profit - Normal Profit = 20,000 - 12,000 = Rs.8,000

(v) Valuation of Goodwill = Super Profit x No. of years Purchase

= 8,000 x 2 = Rs.16,000

36. Revaluation Account

Particulars		Rs.	Particulars	Rs.
To Machinery A/c		14,000	By Building A/c	70,000
To Furniture A/c		12,000	By Investment A/c	20,000
To Profit on revaluation transferred to			By Creditors A/c	16,000
Seenu's Capital A/c	50,000			
Siva's Capital A/c	30,000	80,000		
		1,06,000		1,06,000

37. Comparative income statement of Mary Co,Ltd.

Particulars	2015-16	2016-17	Absolute amount of increase (+) or decrease (-)	Percentage increase (+) or decrease (-)
Revenue from operations	4,00,000	5,00,000	+ 1,00,000	+ 25
(+) Operating Expenses	2,00,000	1,80,000	- 20,000	- 10
Profit Before Tax	2,00,000	3,20,000	+ 1,20,000	+ 60
(-) Income Tax (20 & 50%)	40,000	1,60,000	+ 1,20,000	+ 300
Profit After Tax	1,60,000	1,60,000	---	----

38. Calculation of Gross Profit Ratio:

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Revenue from Operation}} = \frac{40{,}000}{2{,}50{,}000} \times 100 = 16\%$$

Gross Profit = Revenue from Operation – Cost of Revenue from operation

= 2,50,000 - 2,10,000 = Rs.40,000

39. The pre-determined ledgers available in Tally ERP.9:

There are

1. Capital Account
2. Current Liabilities Account
3. Current Assets Account
4. Fixed Assets Account
5. Sundry Debtors Account
6. Sundry Creditors Account

40. Journal Entry:

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
	Bank A/c Dr. To Equity Share Application A/c (Application money received)		1,20,000	1,20,000
	Equity Share Application A /c Dr. To Equity Share Capital A /c (Application money transferred to share capital A/c)		1,20,000	1,20,000
	Equity Share Allotment A /c Dr. To Equity Share Capital A /c (Allotment money due)		2,00,000	2,00,000
	Bank A/c (40,000x5) + (1,000x2) Dr. To Equity Share Allotment A /c To Calls in Advance A /c (Allotment money received)		2,02,000	2,00,000 2,000
	Equity Share First and Final Call Dr. To Equity Share Capital A /c (First and Final money due)		80,000	80,000
	Bank A/c (39,000x2) Dr. Calls in Advance A/c Dr. To Equity Share Capital A /c (First and Final money received)		78,000 2,000	80,000

PART - IV

IV. Answer all questions. 7 x 5 = 35

41.a. (i) Calculation of Opening Capital

Statement of Affairs as on 31.3.2018

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	1,70,000	Cash at Bank	5,000
Capital (B/ F)	1,93,000	Cash in Hand	3,000
		Stock of Goods	35,000
		Sundry Debtors	1,00,000
		Plant and Machinery	80,000
		Land and Building	1,40,000
	3,63,000		3,63,000

(ii) Calculation of Closing Capital

Statement of Affairs as on 31.3.2019

Liabilities	Rs.	Assets	Rs.	Rs.
Sundry Creditors	1,30,000	Cash in Hand		4,500
Cash at Bank	60,000	Stock of Goods		45,000
Capital (B/F)	1,57,000			
		Sundry Debtors	90,000	
		Less: Provision 5%	4,500	85,000
		Plant and Machinery	80,000	
		Less: Depreciation 10%	8,000	72,000
		Land and Buildings		1,40,000
	3,47,000			3,47,000

Statement of Profit or Loss

Particulars	Rs.
Closing Capital	1,57,000
Add : Drawings	60,000
	2,17,000
Less : Additional Capital	17,000
Adjusted Closing Capital	2,00,000
Less : Opening Capital	1,93,000
Profit made during the Year	7,000

[OR]

41.b. **In the books of Chennai Sports Club**

Receipts and Payment Account for the year ended 31st March, 2018

Receipts	Rs.		Payments	Rs.	
To Balance b/d			By Interest paid		5,000
Cash	10,000		By Telephone expenses		7,000
Bank	15,000	25,000	By Upkeep of grounds		22,500
			By Bats & Balls purchased		13,000
To Life membership fees		5,500	By Tournament expenses		12,500
To Tournament fund receipts		15,000			
			By Balance c/d		
To Subscriptions received:			Cash	5,000	
2016 – 2017	4,500		Bank (B/F)	55,000	60,000
2017 – 2018	65,000	74,500			
2018 – 2019	5,000				
		1,20,000			1,20,000

42.a.

Dr. **Bills Receivable A/c** **Cr.**

Particulars	Rs.	Particulars	Rs.
To Balance b/d	40,000	By Cash A/c (Received)	90,000
To Debtors (Bill Received during the Year) (Balancing Figure)	90,000	By Debtors (Dishonoured)	10,000
		By Balance c/d	30,000
	1,30,000		1,30,000

Dr. **Total Debtors A/c** **Cr.**

Particulars	Rs.	Particulars	Rs.
To Balance b/d	1,50,000	By Cash A/c (Received)	3,90,000
To Bills Receivable A/c (Dishonoured)	10,000	By Sales Return A/c	40,000
To Sales (Credit) (Balancing Figure)	4,90,000	By Bills Receivable (Bills Received)	90,000
		By Balance c/d	1,30,000
	6,50,000		6,50,000

Total Sales = Cash Sales + Credit Sales

= 2,00,000 + 4,90,000 = Rs. 6,90,000

[OR]

42.b. Calculation of Current Ratio

(i) Current Ratio $= \dfrac{\text{Current Assets}}{\text{Current Liabilities}} = \dfrac{1,50,000}{50,000} = 3:1$

Current Assets = Inventories + Trade receivables + Cash and Cash Equivalents + Prepaid expenses

= 45,000 + 70,000 + 30,000 + 5,000 = Rs. 1,50,000

Current Liabilities = Short term borrowings + Trade Payables + Expenses Payable + Short term provisions

= 17,000 + 25,000 + 3,000 + 5,000 = Rs. 50,000

(ii) Quick Ratio $= \dfrac{\text{Quick Assets}}{\text{Current Liabilities}} = \dfrac{1,00,000}{50,000} = 2:1$

Quick Assets = Total Current assets – Inventories – Prepaid expenses

= 1,50,000 - 45,000 - 5,000 = Rs.1,00,000

43.a. **In the books of Delhi Literary Club**

Balance sheet as on 31st March, 2018

Liabilities	Rs.	Assets	Rs.
Capital fund	**63,200**	Furniture	40,000
(Balancing figure)		Books	20,000
		Cash in hand	3,200
	63,200		63,200

Dr. Income and Expenditure Account for the year ended 31st March, 2019 Cr.

Expenditure	Rs.	Income	Rs.	Rs.
To Rent and rates	21,000	By Entrance fees		2,300
To Lecture fees	4,500	By Subscriptions	46,000	
To Sundry expenses	7,200	Less: Received in advance		
To Loss on sale of furniture	2,500	during current year	1,000	45,000
(25,000-22,500)		By Interest received on		
To Excess of income		fixed deposit		500
over expenditure (surplus)	**12,600**			
	47,800			47,800

Balance sheet as on 31st March, 2019

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital fund	63,200		Furniture	40,000	
Add: Excess of income over			Less: Book value of		
expenditure	12,600	75,800	furniture sold	25,000	15,000
Life membership fees		2,500	Books		20,000
Subscription received in advance		1,000	Fixed deposit		40,000
			Cash in hand		4,300
		79,300			79,300

[OR]

43.b. Sol.

Common–size income statement of Siva Ltd for the year ended 31st March, 2016 and 31st March, 2017

Particulars	Absolute amount 2015-16 ₹	Percentage of revenue from operations for 2015-16	Absolute amount 2016-17 ₹	Percentage of revenue from operations for 2016-17
Revenue from operations	2,00,000	100.00	3,00,000	100
Add: Other income	25,000	12.50	75,000	25
Total revenue	2,25,000	112.50	3,75,000	125
Less: Expenses	2,50,000	125.00	1,50,000	50
Profit / loss before tax	-25,000	-12.50	2,25,000	75
Less: Income tax (40%)	-	-	90,000	30
Profit after tax	-25,000	-12.50	1,35,000	45

44. a . **Profit and Loss appropriation Account**

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Interest on Capital A/c			By Profit & Loss A/c		1,20,000
Dinesh (5,00,000x6%)	30,000		By Interest on drawings A/c		
Sugumar (4,00,000x6%)	24,000	54,000	Dinesh	3,600	
			Sugumar	2,300	5,900
To Salary to Dinesh A/c		62,000			
To Commission to Sugumar		900			
To Partners' capital A/c (Profit transferred)					
Dinesh (8,100x2/3)	6,000				
Sugumar (8,100x1/3)	3,000	9,000			
		1,25,900			1,25,900

[OR]

44.b. **Trend analysis for Mullai Ltd**

Particulars	Rs in lakhs			Trend percentages		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Revenue from operations	100	120	160	100	120	160
Add: Other income	20	24	20	100	120	100
Total revenue	120	144	180	100	120	150
Less: Expenses	20	14	40	100	70	200
Profit before tax	100	130	140	100	130	140
Less: Income tax (30%)	30	39	42	100	130	140
Profit after tax	70	91	98	100	130	140

45.a.

Dr. **Revaluation Account** Cr.

Particulars		₹	Particulars	₹
To Stock A/c		5,000	By Land	20,000
To Prov. for bad and doubtful		3,000		
To Amal's Cap A/c	7,000			
Vimal's Cap A/c	5,000	12,000		
		20,000		20,000

Dr. **Capital Account** Cr

Particulars	Amal	Vimal	Nirmal	Particulars	Amal	Vimal	Nirmal
To Balance c/d	91,000	65,000	30,000	By Balance b/d	70,000	50,000	-
				By Profit and Loss A/c	14,000	10,000	-
				By Revaluation A/c	7,000	5,000	-
				By Bank A/c			30,000
	91,000	65,000	30,000		91,000	65,000	30,000
				By Balance b/d	91,000	65,000	30,000

[OR]

45.b. Journal Entries

In the books of Bharath Ltd.

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
	Bank A/c (1,20,000 × 5) Dr. To Equity share application A/c (Application money received)		6,00,000	 6,00,000
	Equity share application A/c (1,00,000 × 5) Dr. To Equity share capital A/c (Transfer of share application money to share capital)		5,00,000	 5,00,000
	Equity share application A/c (20,000 × 5) Dr. To Bank A/c (Excess share application money refunded)		1,00,000	 1,00,000
	Equity share allotment A/c Dr. To Equity share capital A/c (Share allotment money due)		3,00,000	 3,00,000

	Bank A/c Dr. To Equity share allotment A/c (Allotment money received)		3,00,000	3,00,000
	Equity share first and final call A/c Dr. To Equity share capital A/c (Share first and final call money due)		2,00,000	2,00,000
	Bank A/c Dr. To Equity share first and final call A/c (Share first and final call money received)		2,00,000	2,00,000

46. a.

Dr. Revaluation Account Cr.

Particulars		Rs.	Particulars	Rs.	Rs.
To Provision for bad debts A/c		**1,300**	**By Stock A/c**		**4,000**
By Profit on revaluation transferred to					
Charles Capital A/c (3/9)	**900**				
Muthu's Capital A/c (4/9)	**1,200**				
Sekar's Capital A/c (2/9)	**6,00**	**2,700**			
		4,000			**4,000**

Dr. Partners' Capital Account Cr.

Particulars	Charles Rs.	Muthu Rs.	Sekar Rs.	Particulars	Charles Rs.	Muthu Rs.	Sekar Rs.
To Bank A/c	**30,900**	**-----**	**-----**	**By Balance B/d**	**30,000**	**40,000**	**20,000**
To Balance C/d	**-----**	**41,200**	**20,600**	**By Revaluation A/c (Profit)**	**900**	**1,200**	**600**
	30,900	**41,200**	**20,600**		**30,900**	**41,200**	**20,600**
				To Balance B/d	**-----**	**41,200**	**20,600**

Balance Sheet as on 31st March 2017

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital A/c			**Furniture**		**20,000**
Muthu	**41,200**				
Sekar	**20,600**	**61,800**	**Stock**	**40,000**	
			(+) Appreciation	**4,000**	**44,000**
Sundry Creditors		**33,000**			
			Debtors	**30,000**	
			(-) Bad Debts	**1,300**	**28,700**
			Cash at Bank	**33,000**	
			(-) Charles's Capital	**30,900**	**2,100**
		94,800			**94,800**

[OR]

46.b.

(i) Gross profit ratio $= \dfrac{\text{Gross profit}}{\text{Revenue from operations}} \times 100 = \dfrac{4,000}{20,000} \times 100 =$ 20%

Cost of revenue from operations = Purchase of stock-in-trade + Changes in inventory + Direct expenses

1.17,000 – 1,000 + 0 = 16,000

Gross profit = Revenue from operations – Cost of revenue from operations

= 20,000 – 16,000 = 4,000

(ii) Operating cost ratio $= \dfrac{\text{Operating cost}}{\text{Revenue from operations}} \times 100 = \dfrac{18,400}{20,000} \times 100 =$ 92%

Operating cost = Cost of revenue from operations + Operating expenses

Operating expenses = Other expenses = 2,400

Operating cost = 16,000 + 2,400 = 18,400

(iii) Operating pro t ratio $= \dfrac{\text{Operating profit}}{\text{Revenue from operations}} \times 100 = \dfrac{1,600}{20,000} \times 100 =$ 8%

Operating profit = Revenue from operations – Operating cost

20,000 – 18,400 = Rs. 1,600

47(a). Journal Entries

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
	Share Capital A/c Dr. To Share forfeited A/c To Share call A/c (1,000 Shares were forfeited A/c)		10,000	 6,000 4,000
	Bank A/c (800 x 7) Dr. Share forfeited A/c (800 x 3) Dr. To Share Capital A/c (1,000 shares were reissued)		5,600 2,400	 8,000
	Share forfeited A/c Dr. To Capital Reserve A/c (Profit on Share reissue transfer)		2,400	 2,400

[OR]

47.b. Commonly used Voucher Types in Tally ERP9:

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.

To view the list of voucher types:
Gateway of Tally > Masters > Accounts Info > Voucher Types > Display
As per the requirements of users, additional voucher type can be created.
Following are some of the major accounting vouchers used in an organisation:

- Receipt Voucher
- Payment Voucher
- Contra Voucher
- Purchase Voucher
- Sales Voucher
- Journal Voucher

(i) Receipt Voucher

- All transactions related to receipt either in cash or through bank are recorded using receipt voucher. In this voucher, cash or bank account is debited and other ledger account is credited.
- To record receipt: Gateway of Tally > Transactions > Accounting Vouchers > F6:Receipt

(ii) Payment Voucher

- All transactions related to payments either in cash or through bank are recorded using payment voucher. In this voucher, cash or bank account is credited and other ledger account is debited.
- To record payment:Gateway of Tally > Transactions > Accounting Vouchers > F5:Payment

(iii) Contra Voucher

- A transaction involving both cash account and bank account is recorded using contra voucher. e transaction may be for deposit of cash into bank account or withdrawal of cash from bank account.
- To record contra: Gateway of Tally > Transactions > Accounting Vouchers > F4:Contra

(iv) Purchase Voucher

- Purchase vouchers are used for recording both cash and credit purchases of goods.
- To record purchases: Gateway of Tally > Transactions > Accounting Vouchers > F9:Purchase

(v) Sales Voucher

- Sales vouchers are used for recording both cash and credit sales of goods.
- To record sales: Gateway of Tally > Transactions > Accounting Vouchers > F8:Sales

(vi) Journal Voucher

- Journal vouchers are used for recording transactions involving other than cash, bank, purchases and sales such as depreciation, provision for bad debts.
- To record journal: Gateway of Tally > Transactions > Accounting Vouchers > F7:Journal

**************************** All the Best ****************************