ANNUAL EXAM MAY 2022 KEY ANSWER

ACCOUNTANCY 12

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PART A

1. Capital
2. Capital Expenditure
3. Ratio
4. Super profit = average profit – Normal profit
5. Nominal account
6. Special purpose report
7. Loss
8. The existing agreement does not come to an end
9. Equal ratio
10. Non_monetary data
11. Journal proper
12. Quick Assets
13. Trend analysis refers to the study of movement of figures for one year
14. Securities Premium account
15. Rs.4000
16. Statement of assets and liabilities
17. Surplus or deficit
18. 5.5 months
19. Reserve capital
20. In case of under subscription, issued capital will be less than the subscribed capital

PART B

21. A)Statement of affairs is prepared to obtain opening or closing capital B. It resembles a Balance sheet
22. A)Legacy is a will given by a person to a Non profit Organisation B. It is a Capital Income
23. Interest on Drawings
    Total Drawings X rate / 100 X 13/24
    2500 x 12 x 4/100x13/24 = 650
24. The difference between the Average profit and Normal profit is called super profit

25. During admission of a partner, the old partner give up their shares to incoming partner for future profit, this is sacrificing ratio sacrificing ratio = old profit ratio – New profit ratio
26. As per Indian Partnership Act 1932 Sec 32(1), when a partner leaves from a firm it is called retirement of a partner due to old age or any reasons
27. Journal Entry

    Bank a/c Dr 6,50,000

    To Equity share capital a/c 5,00,000

    To Securities Premium a/c 1,50,000

    (50000 shares issued @ 10 per share with

    3 as premium and received the amount)

28. Liquid asset = total current assets – inventories and prepaid expenses
    = 450000- (70000+20000)
    = 360000
    Current liabilities = 240000
    Quick ratio = Liquid assets / current liabilities
    = 360000 / 240000
    = 1.5:1

29. Automated accounting is an approach to maintain up-to-date accounting records with the aid of accounting software.
30. Comparative statement of Tharun Ltd

particulars	2016-17	2017-18	+ or -	%
Revenue	100000	125000	+25000	+25
Other income	25000	20000	-5000	-20
Total income	125000	145000	+20000	+16
Less expenses	75000	60000	-15000	-20
Profit before tax	50000	85000	+35000	+70

PART C

31.

Total sales = cash sales + credit sales

460000+540000

= 10,00,000

Dr TOTAL DEBTORS ACCOUNT Cr

To balance B/d To Credit sales a/c	130000 540000	By sales returns a/c By cash a/c By Bad debts a/c By Balance c/d	35000 420000 15000 200000
	670000		670000
To balance b/d	200000		

31. I) Interest on Capital not allowed
    ii) Should be shared equally
    iii) Interest Rs.6000 (50000x12%) should be paid

32. Good will = Average profits X purchase price
    Average profits = 15000+17000+14000-6000 / 4
    = 40000/4 = 10000
    = 10000x5=50000
33. Capital brought by new partner, treatment of goodwill, transfer of undistributed profit or loss, transfer of general reserve, and calculation of new and sacrificing ratio
34.

sacrificing ratio	Gaining ratio
1.It is calculated at the time of admission 2. Old ratio – New ratio 3. old partners sacrifices their share to new partner	It is calculated at the time of retirement New ratio – Old ratio Existing partners gains from retired partner

35. A) Machinery a/c Dr 600000
    To Rajan Ltd a/c 600000

    Rajan Ltd a/c Dr 600000
    To Equity share capital 600000
    (60000 Equity shares @ 10 each issued for Machinery from Rajan Ltd)
    B)
    Machinery a/c Dr 900000
    To Rajan Ltd a/c 900000

Rajan Ltd a/c Dr 600000
To Equity share capital 400000
To Securities Premium a/c 200000
(40000 Equity shares @ 10 each at 50% premium issued for Machinery from Rajan Ltd)

36. Common size statement of Maria and Kala Ltd

particulars	Maria	%	Kala	%
Revenue	100000	100	200000	100
Other income	10000	+10	30000	+15
Total income	110000	+110	230000	+115
Less expenses	70000	-70	120000	-60
Profit before tax	40000	+40	110000	+55

37. Calculation of Debt Equity Ratio

= Long term debt / Shareholders Fund

= 80000 / 160000

0.5:1

39. 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.

40.

Income and expenditure account of Marthandam women cultural Association as on 31/03/2019

To Sports Materials consumed Sports Material1/4/2018 Add Purchased during the year Less Sports Material 31/3/2019	32000 168000 200000 20000	180000	By sale of old sports materials	1000

Balance sheet of Marthandam women cultural Association as on 31/03/2019

LIABILITIES	Amount	ASSETS	Amount
		SPORTS MATERIALS	20000

Part D

41. a

Dr. Bills payable account Cr.

Particulars	`	Particulars	`
To Cash A/c (bills paid)	1,00,000	By Balance b/d	60,000
To Balance c/d	80,000	By Sundry crs (Bills accepted - balancing figure)	**1,20,000**
	1,80,000		1,80,000

Dr Total creditors account Cr.

Particulars	`	Particulars	`
To Cash A/c (paid)	3,70,000	By Balance b/d	75,000
To Purchases return A/c	15,000	By Purchases A/c (credit) (balancing figure)	**4,80,000**
To Bills payable A/c (bills accepted)	1,20,000		
To Balance c/d			50,000
	5,55,000		5,55,000

Total purchase = cash purchase + credit purchase = 320000+480000 = 800000

41, b)

(i) Debt equity ratio

Long term debt 4,00,000

Shareholders'funds 5,00,000

Shareholders' funds = Equity share capital + Preference share capital + Reserves and surplus

= 1,50,000 + 2,00,000 + 1,50,000 = ` 5,00,000

Shareholders'funds 5,00,000

Debt Equity ratio 400000 / 500000 = 0.8:1

(ii) Proprietary ratio = Shareholders'funds / Total Assets

5,00,000 / 100000

= 0.5:1

Total assets10,00,000

(iii) Capital gearing ratio

Funds bearing fixed interest and dividend 600000 Equity Shareholders'funds 3,00,000

Capital gearing ratio = 2:1

Funds bearing fixed interest or dividend = 8% Preference share capital + 9% Debentures

= 2,00,000 + 4,00,000 = ` 6,00,000

Equity shareholders' funds = Equity share capital + Reserves and surplus

= 1,50,000 + 1,50,000 = ` 3,00,000

42 a) Receipts and payments account of Tamil Educa society 31/3/2017

Receipts	**Amount**	**Payments**	**Amount**
To Balance b/d **To entrance fee** **To subscription**	**18000** **18500** **265000**	**By rent** **By scholarship** **By Building** **By salary** **By balance c/d**	**6000** **15200** **210000** **55000** **15300**
	301500		**301500**
To balance b/d	**15300**		

42 B

Profit and loss appropriation A/c Dr. 12,000

To Akash capital A/C (12000x3/6 6000

To Mugesh's capital A/c (12,000 × 2/6) 4000

To Sanjay's capital A/c (12,000 × 1/6) 2000

Accumulated profits transferred to all partners' capital account in the old profit sharing ratio

General reserve A/c Dr. 24000
To Akash's capital A/c (24,000 × 3/6) 12000
To Mugesh's capital A/c (24,000 × 2/6) 8000
To Sanjay's capital A/c (24,000 × 1/6) 4000
(General reserve transferred to all partners' capital account in the old profit sharing ratio)

Workmen compensation fund A/c Dr. 18000
To Akash's capital A/c (18,000 × 3/6) 9000
To Mugesh's capital A/c (18,000 × 2/6) 6000
To Sanjay's capital A/c (18,000 × 1/6) 3000
(Workmen compensation fund transferred to all partners' capital account)

Capital account of the partners

	AKASH	MUGESH	SANJAY		AKASH	MUGESH	SANJAY
TO BALANCE c/D	67000	78000	39000	By balanceb/d By p&L a/c By general res By wM C fund	40000 6000 12000 9000	60000 4000 8000 6000	30000 2000 4000 3000
					67000	78000	39000

43 a)

43) a) Calculation of Goodwill:
Average Profit = Rs.42,000
Normal profit = Capital employed × Normal rate of return
= 2,00,000 × 15/100 = Rs. 30,000
Super profit = Average profit – Normal profit
= 42000-30000=12000 x 3 = 36000

43 b)

Bank A/c (9,000 x 5) Dr 45000
To Equity share application A/c
(Application money received)

Equity share application A/c Dr. 45000
To Equity share capital A/c 45000
(Transfer of share application money to share capital)

Equity share allotment A/c Dr. 27,000
To Equity share capital A/c 27000
(Share allotment money due)

Bank A/c
27000
To Equity share allotment A/c
27000
(Allotment money received)
Equity share first and final call A/c
18000
To Equity share capital A/c
(Share first and final call money
18000due)
Bank A/c
To Equity share first and final call A/c
(Share first and final call money received)

44) a). Comparative balance sheet of Malar Ltd as on 31st March 2016, and 31st March 2017

Particulars	2015-16 Rs.	2016-17 Rs.	Absolute amount of increase (+) or decrease (–)	Percentage increase (+) or decrease (–)
I EQUITY AND LIABILITIES				
1. Shareholders' Fund				
a) Share capital	2,00,000	2,50,000	+50,000	+25
b) Reserves and surplus	50,000	50,000	-	-
2. Non-current liabilities				
Long-term borrowings	30,000	60,000	+30,000	+100
3. Current liabilities				
Trade payables	20,000	60,000	+40,000	+200
Total	3,00,000	4,20,000	+1,20,000	+40
II ASSETS				
1. Non-current assets				
a) Fixed assets	1,00,000	1,50,000	+50,000	+50
b) Non-current investments	50,000	75,000	+25,000	+50
2. Current assets				
Inventories	75,000	1,50,000	+75,000	+100
Cash and cash equivalents	75,000	45,000	–30,000	–40
Total	3,00,000	4,20,000	+1,20,000	+40

44 b

In the books of Ooty Recreation Club

Dr. Income and Expenditure Account for the year ended 31st March, 2018 Cr. Expenditure	Rs.	Income	Rs.
To Sports materials purchased	10,000	By Rent received	10,000
To Stationery paid	7,000	By Subscription received	54,000
To Surplus (Excess of income over expenditure)	27,000	To Salaries	20,000
	64,000		64,000

45 a

45) .a) Journal Entries

Date Particulars L.F. Debit Rs. Credit Rs.

Stock A/c Dr. 5,000
Investment A/c Dr. 7,000
To Revaluation A/c 12000
(Increase in the value of stock and unrecorded investment accounted)
Revaluation A/c Dr. 19,500
To Office equipment A/c 10,000
To Outstanding wages A/c 9,500
(Reduction in the value of office equipment and provision of outstanding wages recorded)
Sriram's capital A/c Dr. 5,000
Raj's capital A/c Dr. 2,500
To Revaluation A/c 7,500
(Loss on revaluation transferred)

REVALUATION ACCOUNT

		Amount			Amount
To office equipment To Outstanding wages		10000 9500	By stock By Investment By Capital a/c To Sriram To Raj	 5000 2500	5000 7000 7500
		19500			19500

45 b

Bills Receivable account

b) Calculation of Total Sales:

. **Particulars**	**Rs.**	**Particulars**	**Rs.**
To Balance b/d	60,000	By Cash A/c	1,60,000
To Debtors A/c* (Bills received during the year) (B/F)	**2,05,000**	By Debtors A/c (Bills receivable dishonoured)	15,000
By Balance c/d			90,000
	2,65,000		2,65,000

Total debtors account

. Particulars	Rs.	Particulars	Rs.
To Balance b/d	2,50,000	By Cash A/c	7,25,000
To Bills receivable A/c (dishonoured)	15,000	By Bad debts A/c	30,000
To Sales A/c (credit) (B/F)	9,85,000	By Returns inward A/c	50,000
		By Bills Recivable (bills received)	2,05,000
		By balance c/d	2,40,000
	12,50,000		12,50,000

46 a

46) .a) (i) Calculation of Gaining Ratio:

Share gained = New share - Old share

Mala = 3 /5 - 2/5 = 1/5

Neela = 2/5 – 1/5 = 1/5

= 1/5 ;1/5

Therefore, the gaining ratio of Mala and Neela is 1 : 1

(ii) Computation of gaining ratio and new profit sharing ratio

Share gained by Sunil = 4 / 10

Gaining Ratio = 4 : 0 that is, 4 : 0 or 4:0

10 10

New share of continuing partner = New share + Share gained

Sunil = 3 + 4 = **7**

10 10 10

Sumathi = 3 + 0 = 3

Therefore, New profit sharing ratio of Sunil and Sumathi is 7 : 3

b)

Common-size, Particulars	Yasmin Ltd., Absolute amount Rs.	Yasmin Ltd., Percentage of total assets	Sakthi Ltd., Absolute amount Rs.	Sakthi Ltd., Percentage of total assets
I EQUITY AND LIABILITIES				
1. Shareholders' fund				
a) Share capital	2,00,000	40	3,00,000	50
b) Reserves and surplus	50,000	10	60,000	10
2. Non-current liabilities				
Long-term borrowings	1,50,000	30	1,80,000	30
3. Current liabilities				
Trade payables	1,00,000	20	60,000	10
Total	5,00,000	100	6,00,000	100
II ASSETS				
1. Non-current assets				
a) Fixed assets	2,00,000	40	3,00,000	50
b) Non – current investments	50,000	10	1,20,000	20
2. Current assets				
Inventories	2,00,000	40	90,000	15
Cash and cash equivalents	50,000	10	90,000	15
Total	5,00,000	100	6,00,000	100

47 a

Gross Profit Ratio = Gross Profit x 100 = 1,50,000 x 100 = **60%**
Revenue from Operations 2,50,000
Gross profit = Revenue from operations – Cost of revenue from operations
= 2,50,000 – 1,00,000 = **Rs.** 1,50,000
Cost of revenue from operations = Purchase of stock in trade + Changes in inventories
= 90,000 + 10,000 = **Rs.** 1,00,000
Net Profit Ratio = Net Profit after Tax x 100 = 75,000 x 100 = **30%**
Revenue from Operations 2,50,000

47 b

1. Maintaining accounting records: In CAS, accounting records can be maintained easily and efficiently for long time period. It does not require a large amount of physical space. It facilitates fast and accurate retrieval of data and information.

2. Inventory management: CAS facilitates efficient management of inventory. Fast moving, slow moving and obsolete inventory can be identified. Updated information about availability of inventory, level of inventory, etc., can be obtained instantly.

3. Pay roll preparation: Pay roll involves the calculation of amount due to an employee. Pay of an employee may be calculated based on hours/days worked or units produced. CAS records the attendance of employees, computes the amount of salary, makes deductions such as provident fund, income tax, etc.

4. Report generation: CAS helps to generate various routine and special purpose reports.

5. Data import/export: Accounting data and information can be imported from or exported to other users within the organisation as well as outside the organisation.

6. Taxation: CAS helps to compute various taxes and to deduct these and deposit the same to the Government account.

Any five only

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