

MARCH-2020 ANSWER KEY**12TH ACCOUNTANCY ENGLISH MEDIUM ANSWER KEY****PART-I**

- 1.c) capital
- 2.c) nominal account
- 3.d) adjusted closing capital
- 4.b) 50,000
- 5.b) not allowed
- 6.a) fixed capital account
- 7.c) current account
- 8.c) sacrificing ratio
- 9.d) share capital account
- 10.a) reserve capital
- 11.c) 3,000
- 12.b) non monetary data
- 13.d) 1-3, 2-2, 3-4, 4-1
- 14.c) current assets
- 15.b) 1-1, 2-4, 3-3, 4-2
- 16.c) journal voucher
- 17.a) goodwill under annuity method = $AP \times \text{present value annuity factor}$
- 18.d) gateway of tally >reports>display>trial balance
- 19.d) old profit sharing ratio
- 20.c) 110%

PART-II

21. It is incomplete records. Only the business concerns which have no legal obligation to maintain books of accounts under double entry system may maintain incomplete records.
22. Subscription , Interest on investment, Interest on fixed capital, sale of old newspapers
23. Interest on drawings = Amount of drawings x Rate of interest x Period of interest
$$= 30,000 \times 6/100 \times 4/12$$
$$= 600$$

24. Self-generated goodwill:

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 recorded in books of accounts.

25. Average profit = Total profit / No. of years

$$= 27,000 / 3$$

$$\text{Average profit} = 9,000$$

26. Old ratio of Anbu and Raju = 3:2 that is, $\frac{3}{5} : \frac{2}{5}$

New ratio of Anbu, Raju and Akshai = 5:3:2 that is, $\frac{5}{10} : \frac{3}{10} : \frac{2}{10}$

Share sacrificed = Old share - New share

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

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

Sacrificing ratio of Anbu and Raju is $\frac{1}{10} : \frac{1}{10}$ that is 1:1

27. Super profit = Average profit - Normal profit

$$= 14,000 - 4,000 = 10,000$$

Goodwill = super profit × value of annuity

$$= 10,000 \times 3.352 = 33,520$$

28. **Journal entry:**

Particulars	L.F	Debit	Credit
Bank a/c dr To share capital a/c		1,20,000	1,20,000
Share application a/c dr To share premium a/c To share capital a/c		1,20,000	20,000 1,00,000

29. **Accounting reports:**

- (a) Day books / Journal (b) Ledger (c) Trial balance (d) Income statement
(e) Balance sheet (f) Cash flow statement

30. Liquidity means capability of being converted into cash with ease. Liquidity ratios help to assess the ability of a business concern to meet its short term financial obligations.

Liquidity ratios include: (i) Current ratio and (ii) Quick ratio.

PART-III

31. **calculation of drawings:**

$$\text{Closing capital} = 35,000$$

(-) opening capital= 27,500

7,500

(-) additional cap= 2,500

5,000

(-) profit = 10,000

5,000

32.

Particulars	RS	RS	Particulars	RS	RS
To cash paid		1,20,00	To balance b/d		30,000
To purchase return		0			
To balance c/d		15,00	By credit purchase		1,30,00
		0			0
		25,00			
		0			
		1,60,00			1,60,00
		0			0

Total purchase= cash + credit purchase

$$=2,25,000+1,30,000 =3,55,000$$

33.

Balance sheet

Liabilities	Rs	Assets	Rs
Subscription received in advance	8,000	Sports equipment	30,000
Prize fund	10,000	Computer	25,000
Capital fund	80,000	Sub outstanding	5,000
		Investment	10,000
		Cash in hand	7,000
		Cash at bank	21,000
	98,000		98,000

34.

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 except 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. Average profit= Total profit/No.of years

$$=60,000/3 =20,000$$

Normal profit= capital employed/normal rate of return

$$=80,000 \times 15/100 =12,000$$

Super profit= AP – NP

$$=20,000 -12,000 =8,000$$

Goodwill= super profit x no.of years purchase

$$=8,000 \times 2 =16,000$$

36. **Revaluation account**

Particulars	RS	RS	Particulars	RS	RS
To machinery		14,000	By buildings		70,000
To furniture		12,000	By investment		20,000
To profit on revaluation:			By sundry creditors		16,000
Seenu cap	50,000				
Siva cap	30,000	80,000			
		1,06,000			1,06,000

37.

Particulars	2016	2017	Absolute amount of increase or decrease	Percentage
Revenue from operation	4,00,000	5,00,000	+1,00,000	+25%
Less: operating exp	2,00,000	1,80,000	-20,000	-10%
Profit before tax	2,00,000	3,20,000	+1,20,000	+60%
Less: income tax 20%		1,60,000	+1,20,000	+300%
Profit after tax	1,60,000	1,60,000	-	-

38. **Gross profit ratio:**

$$\text{Gross profit ratio} = \frac{\text{gross profit}}{\text{revenue}} \times 100\%$$

$$= \frac{40,000}{2,50,000} \times 100\% = 16\%$$

39. **Ledger Accounts**

In Tally, to record transactions, the transactions are to be identified with the related ledger accounts. Tally has two predefined ledgers, Cash and Profit & Loss A/c. The user has to create various other ledgers based on their requirements.

40. Journal entry:

PARTICULARS	DEBIT	CREDIT
Share allotment a/c dr To share capital a/c	2,00,000	2,00,000
Bank a/c dr To share allotment a/c To calls in advance a/c	2,02,000	2,00,000 2,000

PART-IV

41.A)

Statement of Affairs

Liabilities	31.3.2018	31.3.2019	Assets	31.3.2018	31.3.2019
Bank		60,000	Bank	5,000	
Creditors	1,70,000	1,30,000	Cash	3,000	4,500
			Stock	35,000	45,000
Capital	1,93,000	1,57,000	Debtors	1,00,000	85,500
			Plant and Machinery	80,000	72,000
			Land and Buildings	1,40,000	1,40,000
	3,63,000	3,47,000		3,63,000	3,47,000

Statement of profit or Loss

Particulars	₹
Closing capital	1,57,000
(+) Drawings	60,000
	2,17,000
(-) Additional capital	17,000
Adjusted capital	2,00,000
(-) Opening capital	1,93,000
Profit	7,000

B)

In the books of Chennai Sports Club

Dr. Receipts and Payments Account for the year ended 31st March, 2018 Cr.

Receipts	₹	₹	Payments	₹	₹
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
To Life membership fees		5,500	By Bats and balls purchased		13,000
To Tournament fund receipts		15,000	By Tournament expenses		12,500
To Subscriptions received			By Balance c/d		
2016 – 2017	4,500		Cash	5,000	
2017 – 2018	65,000		Bank (Bal. fig)	55,000	60,000
2018 – 2019	5,000	74,500			
		1,20,000			1,20,000

42.A)

Dr. Bills receivable account		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d	40,000	By Cash A/c	90,000
To Debtors A/c*	90,000	By Debtors A/c	10,000
(Bills received during the year – balancing figure)		(Bills receivable dishonoured)	
		By Balance c/d	30,000
	1,30,000		1,30,000

Dr. Total debtors account		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d	1,50,000	By Cash A/c	3,90,000
To Bills receivable A/c (dishonoured)	10,000	By Sales returns A/c	40,000
To Sales A/c (credit)	4,90,000	By Bills receivable A/c*	90,000
(balancing figure)		(bills received)	
		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 = ₹ 6,90,000.

B)

(i) Current ratio:

Current assets = Inventories + Trade debtors + Cash and cash equivalents + Prepaid expenses

$$= 1,60,000 + 3,20,000 + 80,000 + 40,000 = ₹ 6,00,000$$

Current liabilities = Short term borrowings + Trade payables + Expenses payable + Short term provisions

$$= 50,000 + 3,10,000 + 15,000 + 25,000 = ₹ 4,00,000$$

$$= \frac{6,00,000}{4,00,000}$$

Current ratio = 1.5:1

(ii) Quick ratio :

Current liabilities = 4,00,000

Quick assets = Total current assets – Inventories – Prepaid expenses

$$= 6,00,000 - 1,60,000 - 40,000 = 4,00,000$$

$$= \frac{4,00,000}{4,00,000}$$

Quick ratio = 1:1

43.A)

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

Expenditure	₹	Income	₹	₹
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 (25,000-22,500)	2,500	during current year	1,000	45,000
To Excess of income over expenditure (surplus)	12,600	By Interest received on fixed deposit		500
	47,800			47,800

Balance sheet as on 31st March, 2019

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

B)

**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 & loss appropriation a/c**

Particulars	RS	RS	Particulars	RS	RS
To Interest on capital:			By net profit		1,20,000
Dinesh	30,000		By interest on drawing:		
Sugumar	24,000	54,000	Dinesh	3,600	
To Dinesh salary		62,000	Sugumar	2,300	5,900
To sugumar commission		900			
To partner's capital a/c:	6,000				
Dinesh	3,000	9,000			
Sugumar					
		1,25,900			1,25,900

B)

Trend analysis for Mullai Ltd

Particulars	₹ 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)

Revaluation Account

Dr.		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

Capital Account

Dr.				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	SamacheerKalvi.Guru	91,000	65,000	30,000
				By Balance b/d	91,000	65,000	30,000

B)

In the books of Bharath Ltd.
Journal entries

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c (1,20,000 × 5) To Equity share application A/c (Application money received)	Dr.	6,00,000	6,00,000
	Equity share application A/c (1,00,000 × 5) To Equity share capital A/c (Transfer of share application money to share capital)	Dr.	5,00,000	5,00,000
	Equity share application A/c (20,000 × 5) To Bank A/c (Excess share application money refunded)	Dr.	1,00,000	1,00,000
	Equity share allotment A/c To Equity share capital A/c (Share allotment money due)	Dr.	3,00,000	3,00,000
	Bank A/c To Equity share allotment A/c (Allotment money received)	Dr.	3,00,000	3,00,000
	Equity share first and final call A/c To Equity share capital A/c (Share first and final call money due)	Dr.	2,00,000	2,00,000
	Bank A/c To Equity share first and final call A/c (Share first and final call money received)	Dr.	2,00,000	2,00,000

46.A)

Revaluation a/c

Particulars	RS	RS	Particulars	RS	RS
To bad debts		1,300	By stock		4,000
To profit:					
C' capital a/c	900				
M' capital a/c	1,200				
S' capital a/c	600	2,700			
		4,000			4,000

Capital a/c

Particulars	charles	Muthu	sekar	Particulars	charles	Muthu	sekar
To bank	30,900			By balance b/d	30,000	40,000	20,000
To balance b/d		41,200	20,600	By revaluation profit	900	1,200	600

	30,900	41,200	20,600		30,900	41,200	20,600
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Balance sheet

Liabilities	Rs	Rs	Assets	Rs	Rs
Capital :			Furniture		20,000
M	41,200		Stock	40,000	
S	20,600	61,800	(+) dep	4,000	44,000
Sundry			Debtors	30,000	
creditors		33,000	(-) bad debts	1,300	28,700
			Cash at bank	33,000	
			(-) c'cap	30,900	2,100
		94,800			94,800

B) (i) Gross profit ratio;

Revenue from operations 20,000

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

$$= 17,000 - 1,000 + 0 = \text{` } 16,000$$

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

$$= 20,000 - 16,000 = \text{` } 4,000$$

$$= \frac{4,000}{20,000} \times 100 \% =$$

Gross profit ratio = 20%

(ii) Operating cost ratio:

Revenue from operations 20,000

Operating cost = Cost of revenue from operations + Operating expenses

Operating expenses = Other expenses = ` 2,400

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

$$= \frac{18,400}{20,000} \times 100 \%$$

Operating cost ratio = 92%

(iii) Operating profit ratio:

Operating profit = 100% – Operating cost ratio

$$= 100\% - 92\%$$

Operating profit ratio = 8%

47.A)

Journal Entries

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

B) TYPES OF VOUCHERS IN TALLY ERP 9:**(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.

(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.

(iii) Contra Voucher

A transaction involving both cash account and bank account is recorded using contra voucher. The transaction may be for deposit of cash into bank account or withdrawal of cash from bank account.

(iv) Purchase Voucher

Purchase vouchers are used for recording both cash and credit purchases of goods.

(v) Sales Voucher

Sales vouchers are used for recording both cash and credit sales of goods.

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