CLASS – XII Suggested Answers Set-1

ACCOUNTANCY

Q1. It will be shown on the Asset side and also added in the Sports fund in the liabilities side of the Balance Sheet.

Q2. (a)

Q3.

Date	Particulars		Dr. ₹	Cr. ₹
	Partner's Capital A/c	Dr	20,000	
	To Partner's Loan A/c			20,000
	(being Partner's loan settled)			

Q4. (b)

Q5. No. accountant is not correct. Profit should be distribute in the ratio of Interest on capital plus Partners salary amo the Partners

Q6

Date	Particulars		Dr ₹	Cr. ₹
	General Reserve A/c	Dr	1,00,000	
	To X's Cap. A/c			40,000
	To Y's Cap. A/c			40,000
	To Z's Cap. A/c			20,000
	(being GR distributed in old ratio)			

Q7. ₹ 8,40,000

Q8. AS-26

Q9.

Date	Particulars		Dr ₹	Cr. ₹
	Profit & Loss Suspense A/c	Dr.	12,000	
	To T's Capital A/c			12,000
	(being T's share trans. to T's Capital)			

Q10. II, III, I

Q11.

Date	Particulars		₹ Dr	₹ Cr
	X's Capital A/c	Dr.	4,000	
	Y's Capital A/c	Dr	4,000	
	To Z's Capital A/c			8,000

Q12. ₹ 14,000

Q13. ₹ 6,000

Q14. Cost of Medicine consumed =

		₹
	Stock of medicines on 1.4.18	62,000
Add:	Payment for purchase	370,000
Less:	Stock of Medicines on 31.3.19	(54,000)
		₹ 3,78,000

Or

Dr Income and Expenditure A/C Cr

Expenditure	₹	Income		₹
Prize Awarded	6,000	Interest from General fund Investment	6,000	
		Add: o/s Int. on GfI	2,000	8,000

Balance Sheet

Liabilities	₹	Assets	₹
General fund	80,000	10% General fund Investment	80,000
		O/S Interest on GFI	2,000

Q15

Journal

Date	Particulars		L.f.	Dr. ₹	Cr. ₹
(i) 31st July 2018	T's Capital A/c	Dr.		38,750	
	P's Capital A/c	Dr		23,250	
	To N's capital A/c				62,000
	(being N's share of goodwill Adjusted)				
(ii) "	N's Capital A/c	Dr		20,000	
	To Profit and Loss A/c				20,000
	(being N's share of loss trans.)				
(iii) "	Profit and loss suspense A/c	Dr		3,333	
	To N's capital A/c				3,333
	(being N's share of Profit upto the date of his death trans.)				
(iv) "	N's Capital A/c	Dr		4,45,333	
	To N's Executors A/c				4,45,333
	(being amount due to N trans. to his executor's A/c)				

Q16. Balance Sheet of A Ltd.

Particulars	Note No.	₹
I. Equity and Liabilities		
Shareholders' fund		
(a) Share capital	1	9,99,500

Notes to Accounts

1. Share capital

	₹
Authorised Capital	
..... Equity shares of ₹ 100 each	------
Issued Capital	
10,000 Equity shares of ₹ 100 each	10,00,000
Subscribed Capital	
Subscribed and fully paid-up.	
9,950 Equity shares of ₹ 100 each	9,95,000
Add: forfeited shares A/C	4,500
	9,99,500

Q17.

(a) In the absence of a specific provision in the Deed, no interest will be paid on the capital to the partners. The whole amount of profit will however be distributed among the partners in their profit sharing ratio.

(b) As the firm has incurred losses during the accounting year, no interest on capital will be allowed to any partner. The firm's loss will however be shared by the partners in their profit sharing ratio.

(c) Interest to A @ 8% on ₹ 4,00,000 = ₹ 32,000
Interest to B @ 8% on ₹ 3,00,000 = 24,000
56,000

As the profit is sufficient to pay interest at agreed rate, the whole amount of interest on capital shall be allowed and the remaing amounting to ₹ 44,000 (1,00,000 − 56,000) shall be shared by the partners in their profit sharing ratio.

(d) As the profit for the year is ₹ 28,000, which is less than the amount of interest on capital due to partners, i.e ₹ 56,000 (₹ 32,000 for A and ₹ 24,000 for B), Interest will be paid to the extent of available profit i.e. ₹ 28,000. A and B will be credited with ₹ 12,000 and ₹ 16,000, respectively. Effectively this amounts to sharing the firm's profit in the ratio of interest on capital.

Or

Adjustment Entry

Date	Particulars		Lf.	~~Dr~~ ₹	Cr ₹
	X's Current ~~Capital~~ A/c	Dr		5,000	
	To Y's Current ~~Capital~~ A/c				4800
	To Z's Current ~~Capital~~ A/c				200
	(being Adj entry is maid)				

Working Note:

Statement Showing the Adjustment to be made (6)

Particulars	X	Y	Z	firm
Profit already distributed	72,000 (Dr)	24,000 (Dr)	24,000 (Dr)	1,20,000 (Cr)
Interest on Capital @ 5% Pa	10,000 (Cr)	8,000 (Cr)	6,000 (Cr)	24,000 (Dr)
Interest on Drawings	1,400 (Dr)	1,000 (Dr)	600 (Dr)	3,000 (Cr)
Partner's Salary	2,000 (Cr)	3,000 (Cr)	—	5,000 (Dr)
Net Profit distributed (Bal. fig.)	56,400 (Cr)	18,800 (Cr)	18,800 (Cr)	94,000 (Dr)
	5,000 Dr	4800 Cr.	200 Cr.	

Q. 18.

Journal

Date	Particulars	L.F.	Dr ₹	Cr. ₹
1.	A's Capital A/c Dr.		78,000	
	To Realisation A/c			78,000
	(being stock taken by A)			
2.	Mr. K A/c Dr		20,000	
	To Realisation A/c			20,000
	(being furniture taken by K)			
3.	Realisation A/c Dr.		30,600	
	To Bank			30,600
	(being creditors settled)			
4.	A's Capital A/c Dr		9,000	
	K's Capital A/c Dr		12,000	
	To Realisation A/c			21,000

Q19.

Journal

Date	Particulars	L.F	Dr ₹	Cr ₹
(1)	(i) Bank A/c Dr		10,00,000	
	To 12% Deb. application A/c			10,00,000
	(ii) 12% Deb. application A/c Dr		10,00,000	
	Loss on issue of Deb. A/c Dr		50,000	
	To 12% Debenture A/c			10,00,000
	To Premium on redemption A/c			50,000
2.	(i) Bank A/c Dr		9,00,000	
	To 12% Deb. application A/c			9,00,000
	(ii) 12% Deb. application A/c Dr		9,00,000	
	Discount on issue of Deb. A/c Dr		1,00,000	
	To 12% Debenture A/c			10,00,000
3.	(i) Bank A/c Dr		52,50,000	
	To 12% Debenture app. A/c			52,50,000
	(ii) 12% Debenture app. A/c Dr		52,50,000	
	To 12% Debenture A/c			50,00,000
	To Security Premium Reserve			2,50,000
4.	Vendor A/c Dr		95,000	
	Discount on issue of Deb. A/c Dr		5,000	
	To 12% Debentures A/c			1,00,000
5.	(i) When entry is made for issue			
	Debenture Suspense A/c Dr		30,000	
	To 12% Debentures			30,000

Or

Journal

Date	Particulars	L.F.	Dr ₹	Cr ₹
2016 April 1	Bank A/c Dr		18,000	
	To 15% Debenture Application			18,000
1	15% Deb. Application A/c Dr		18,000	
	Loss on issue of Deb. A/c Dr		4,000	
	To 15% Debenture A/c			20,000
	To Premium on redemption of Debenture A/c			2,000
2019 March 31	Surplus A/c Dr		5,000	
	To Deb. Red. Reserve A/c			5,000
2019 April 1	Debenture Redemption Investment A/c Dr		3,000	
	To Bank			3,000
2020 March 1	Bank A/c Dr		3,000	
	To Debenture Redemption Investment A/c			3,000
	15% Debentures A/c Dr		20,000	
	Premium on Redemption of Deb. A/c Dr		2,000	
	To Debentureholder's A/c			22,000
	Debentureholders' A/c Dr		22,000	
	To Bank			22,000
	Debenture Redemption Reserve A/c Dr		5,000	
	To General Reserve			5,000

Q20

Income and Expenditure Account

Dr Expenditure		₹	Income	Cr ₹
Salaries	1,00,000		Subscription (300 × 1,000)	3,00,000
(−) O/S P/Y	10,000		Entertainment receipts	50,000
+ Advance	20,000	70,000	Sale of newspaper	2,000
Entert. Exp.		20,000	O/S Interest on Investment $\left[1,00,000 \times \frac{10}{100} \times \frac{6}{12}\right]$	5,000
Electricity Exp.		20,000		
General Exp.		10,000		
Misc. exp.		10,000		
Stationery consumed				
Op. Stock	10,000			
Add: Payment	30,000			
Less: Cl. Stock	(15,000)	25,000		
Newspaper		10,000		
Loss on Sale of old furniture		2,000		
Surplus (Bal. fig.)		1,90,000		
		3,57,000		3,57,000

Balance Sheet [31.3.19]

Liabilities		₹	Assets	₹
Capital fund	17,07,000		Cash in hand	1,75,000
Add: Surplus	1,90,000	18,97,000	Investment (10%)	1,00,000
Sub. in Advance		10,000	O/S Int. on Inv.	5,000
			Furniture	2,40,000
			Car	3,00,000
			Stationery	15,000
			Prepaid salary	20,000
			O/S Subscription	52,000
			Land and Building	10,00,000
		[illegible]		[illegible]

Balance Sheet (1.4.18)

Liabilities	₹	Assets	₹
O/S Salary	10,000	Cash in hand	2,00,000
		O/S subscription	7,000
Capital fund		Stationery	10,000
(Bal. fig)	17,07,000	Land & Building	10,00,000
		furniture	2,00,000
		Car	3,00,000
	17,17,000		17,17,000

Q21

Revaluation A/C

Dr Particulars	₹	Particulars	Cr ₹
To furniture	1840	By Land & Building	29,400
To stock	5880		
To Prov for o/s bill for repair	2640		
To profit trans to A 8160 B 6800 C 4080	19,040		
	29,400		29,400

Partners Capital Account

Dr Particular	A	B	C	Particular	A	B	Cr C
Goodwill	4500	3750	2250	bal b/d	70,800	59,700	29,100
				Gen. Res.	9,000	7500	4500
				Revaluation A/C	8160	6800	4080
				By Premium	1206	1005	603
bal c/d	136543	113786	68271	By cash (Bal. fig.)	~~[illegible]~~ 51877	42531	32238
	141043	117536	70,521		141043	117536	70521

D's Capital A/c

Dr			Cr
bal c/d	35400	By Cash	35400
	35400		35400

Cash A/c

Particulars (Dr)	₹	Particulars (Cr)	₹
		bal b/d	3780
		D's capital A/c	35400
		premium for Good will	2814
		By A's Capital	57877
		B's Capital	42531
		C's Capital	32238
bal c/d	1,68,640		
	1,68,640		1,68,640

Balance Sheet

Liabilities	₹	Assets	₹
Creditors	37,800	Cash	1,68,640
Bills Payable	12,600	Debtors	52920
Capital:		Stock	52920
A 136543		furniture	12 860
B 113786		Land & Building	119700
C 68271			
D 35400	354,000		
o/s bill for repair	2640		
	4,07,040		407040

Or

Revaluation A/c

Dr Particulars	₹	Particulars		Cr ₹
Stock	1800	Premises		9700
		furniture		400
Prov. for legal Damages	14400	Provision for Bad Debts		200
		By loss trans. to		
		Vijay	2360	5900
		Vivek	2360	
		Vinay	1180	
	16200			16200

Partners Capital Account

Dr Particulars	Vijay	Vivek	Vinay	Particulars	Vijay	Vivek	Cr Vinay
Loss on revaluation	2360	2360	1180	bal. b/d	92,000	60,000	40,000
Vivek's capital	12800		6400	Vijay's cap		12800	
Bank A/c		26840		Vinay's cap.		6400	
Loan A/c		50000					
bal c/d	76840		32420				
	92000	79200	40,000		92000	79200	40,000

Bank A/c

Dr Particulars	₹	Particulars	Cr ₹
bal b/d	55200	Vivek's capital	26840
		bal c/d	28360
	55200		55200

Balance Sheet

Liabilities	₹	Assets	₹
Creditors	54,000	Bank	28360
Bills Payable	24,000	Debtors 12,000	
Out Rent	4400	Less: Prov. for Bad Debts 600	11400
Prov. for legal claims	12,000	Stock	16200
Prov. for legal Damages	14400	furniture	8400
Vivek's loan	50,000	Premises	203700
Capital: Vijay 76840, Vinay 32420	109260		
	268060		268060

Q22.

Date	Particulars		LF	₹ Dr	₹ Cr
(i)	Bank A/c	Dr		9,000	
	To Share application A/c				9,000
(ii)	Share application A/c	Dr		9,000	
	To Share capital				4,000
	To Sec. Premium				2,000
	To Share allotment				12,00
	To Bank				1800
(iii)	Share allotment A/c	Dr		8,000	
	To Share capital				6,000
	To Sec Premium				2,000
(iv)	Bank A/c	Dr		6664	
	To Share allotment				6664

(vi)	Share first Call A/c Dr	6,000	
	To Share capital		6,000
(vii)	Bank A/c Dr	5700	
	To Share first call		5700
(vii)	Share capital A/c Dr	320	
	Sec Premium A/c Dr	40	
	To Share forfeited		104
	To Share allotment		136
	To Share first call		120
(viii)	Share final call A/c Dr	3920	
	To Share capital A/c		3920
(ix)	Bank A/c Dr	3800	
	To Share final call A/c		3800
(x)	Share capital A/c Dr	600	
	To Share forfeited		300
	To Share first call		180
	To Share final call		120
(xi)	Bank A/c Dr	720	
	Share forfeited A/c Dr	80	
	To Share capital		800
(xii)	Share forfeited A/c Dr	224	
	To Capital Reserve		224

or

Date	Particulars	LF	₹ Dr	₹ Cr
(a)(i)	Building A/c Dr		1,00,000	
	Plant and Machinery A/c Dr		80,000	
	To Delite Ltd.			1,80,000
(ii)	Delite Ltd. A/c Dr		1,80,000	
	To Share Capital.			1,80,000
(iii)	Incorporation Expenses/formation Expenses A/c Dr		20,000	
	To Share Capital			20,000
(iv)	Bank A/c ~~Dr~~ Dr		3,00,000	
	To Share application & allot			3,00,000
(v)	Share app. & allot. A/c Dr		3,00,000	
	To Share capital.			3,00,000
(b)	~~Share forfeited A/c~~			
(i)	Share capital A/c ~~Dr~~ Dr		1600	
	To Share forfeited A/c			1000
	To Share first call A/c			600
(ii)	Bank A/c Dr		1200	
	S. for A/c Dr		300	
	To Share capital			1500
(iii)	Share forfeited A/c Dr		450	
	To Capital Reserve			450
(c)				
(i)	Share capital A/c Dr		3000	
	To Share forfeited A/c			1800
	To Share final call A/c			1200

(ii)	Bank A/c Dr	3600	
	To Share Capital		3,000
	To Sec Premium Reserve		600
(iii)	Share forfeited A/c Dr	1800	
	To Capital Reserve		1800

PART-B

Q23. C

Q24. Comparative Statements

Q25.
(i) 2:1
(ii) 1:1

Q26
I. earning capacity
II. Creditworthiness
III. decision making

Q27. Yes I agree because ~~anyone can~~ manipulation of accounts is a way to conceal vital facts which will effect on a particular ratio.

Q28. proceeds from sale of securities Investment ~~other~~ is operating for financing company but Investing for other companies

Q29. Cash Equivalents are short term, highly liquid investments that are readily convertible into known amount of cash and which are subject to insignificant risk of change in value.

Q30
(i) Decrease
(ii) Increase
(iii) No change

or

		Major Head	Sub-head
(i)	Calls in advance –	Current Liabilities	Other CL
(ii)	Bank overdraft – –	Current Liabilities	Short term borrowings
(iii)	Loose tools –	Current Assets	Inventories

Q31. COMMON-SIZE STATEMENT of INCOME STATEMENT

Particulars	Note No.	Absolute Amounts 17-18	Absolute Amounts 18-19	% of Revenue from operation 17-18	% of Revenue from operation 18-19
I. Revenue from operations		₹4,00,000	5,00,000	100	100
II. Expenses					
(a) Cost of Material		2,20,000	3,00,000	55	60
(b) Employee benefit expense		1,00,000	1,00,000	25	20
Total Expenses		3,20,000	4,00,000	80	80
III. Profit before Tax (I – II)		80,000	1,00,000	20	20
IV. Less: Income Tax		40,000	50,000	10	10
V. Profit after Tax (III – IV)		40,000	50,000	10	10

or

Comparative Statement of Profit and Loss

Particulars	Note No.	31.3.18	31.3.19	Absolute Change	% Change
I. Revenue from Operation		45,00,000	60,00,000	15,00,000	33.33
II. Expenses					
(a) Employee benefit expenses		22,50,000	30,00,000	7,50,000	33.33
(b) Depreciation		6,00,000	7,50,000	1,50,000	25
(c) other expenses		10,00,000	15,50,000	5,50,000	55
Total Expenses		38,50,000	53,00,000	14,50,000	37.66
III. Profit before Tax (I-II)		6,50,000	7,00,000	50,000	7.69
IV. Less tax @ 30%		1,95,000	2,10,000	15,000	7.69
V. Profit after tax		4,55,000	4,90,000	35,000	7.69

Q 32.

Cash flow Statement

Particulars		₹
A. Cash flow from operating activities:		
Net profit before tax & Extraordinary items		60,000
Add: Non-Cash and Extraordinary items		
Depreciation	32,500	
Int. on Debentures	16,800	
Loss on Sale	1,500	50,800
Operating Profit before working capital Changes		1,10,800
Add: Dec. in CA and Inc. in CL		
Inc. in o/s Rent	10,000	
Dec. in inventories	20,000	
Less: Inc. in CA and Dec. in CL		
Dec. in Trade payable	(30,000)	—
Cash flow from operating activities		1,10,800

B. Cash flow from Investing activities:		
Sale of Plant & Machinery	16,000	
Purchase of Plant & Machinery	(1,20,000)	
Purchase of Non-current Investment	(40,000)	(1,44,000)
Cash used in investing Activities		1,44,000
C. Cash flow from financing activities:		
Int. paid on 12% Debentures		(16,800)
Issue of 12% Debentures		40,000
Cash flow from financing activities.		23,200
D. Net Decrease in cash and cash Equivalents (A+B+C)		(10,000)
Add:- Cash and Cash Equivalents (opening)		40,000
E. Cash and cash Equivalents at the end.		30,000

Working Note:

Plant and Machinery Account

Dr Particulars	₹	Particulars	Cr ₹
bal b/d	6,50,000	Acc. Dep.	7500
		Bank	16,000
		Loss on sale	1,500
Bank (Bal fig)	1,20,000		
		bal c/d	7,45,000
	7,70,000		7,70,000

Acc. Dep. A/C

Dr Particulars	₹	Particulars	Cr ₹
		bal b/d	50,000
Plant & Machinery A/C	7,500		
		P & L A/C (Dep. Charged)	32,500
bal c/d	75,000		
	82,500		82,500