

12TH ACCOUNTANCY

GOVT. PUBLIC EXAMINATION – 2023–24

SLOW LEARNERS MATERIAL

Choose the Correct Answers (1 Mark)

Text Book (Book Back) 98 One Mark Questions Read and Get it Minimum 12 to 15 Marks

Very Short Answer Questions (2 Marks)

1. **What is meant by incomplete records?**
When accounting records are not strictly maintained according to double entry system, these records are called incomplete records.
2. **State the accounts generally maintained by small sized sole trader when double entry accounting system is not followed.**
 - ♣ Generally cash and personal accounts are maintained fully.
 - ♣ Real and Nominal accounts are not maintained.
3. **What is a statement of affairs?**
 - ♣ It is a statement showing the balances of assets and liabilities on a particular date.
 - ♣ It is prepared under single entry system to find out capital. $\text{Capital} = \text{Assets} - \text{Liabilities}$
4. **State the meaning of not-for-profit organisation.**
 - ♣ Some organisations are established for the purpose of rendering services to the public without any profit motive.
 - ♣ These organisations are called not-for-profit organisation.
 - ♣ Examples: Art, Culture, Education, Sports, etc.
5. **What is receipts and payments account?**
 - ♣ It is a summary of cash and bank transactions of not-for-profit organisations prepared at the end of each financial year.
 - ♣ It is a real account in nature.
 - ♣ It begins with the opening of cash and bank balances.
6. **What is legacy?**
 - ♣ A gift made to a not-for-profit organisation by a will, is called legacy.
 - ♣ It is a capital receipt.
7. **Write a short note on life membership fees.**
 - ♣ Amount received towards life membership fee from members.
 - ♣ It is a capital receipt
 - ♣ It is non-recurring in nature.
8. **Give four examples for capital receipts of not-for-profit organisation.**

i) Sale of fixed assets	ii) Legacy
iii) Life member fees	iv) Endowment fund
9. **Give four examples for revenue receipts of not-for-profit organisation.**

i) Interest on fixed deposit	ii) Sale of old sports material
iii) Interest on investment	iv) Subscription

10. Define partnership.

The relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all.
- **Indian Partnership Act, 1932**

11. What is a partnership deed?

- ♣ It is a document in writing that contains the terms of the agreement among the partners.
- ♣ It is also called Articles of Partnership.

12. What is meant by fixed capital method?

- ♣ The capital of the partners is not altered and remains generally fixed.
- ♣ Two accounts are maintained for each partner
 - i) Capital account
 - ii) Current account

13. What is the journal entry to be passed for providing interest on capital to a partner?

Date	Particulars	L.F	Debit Rs.	Credit Rs.
	Interest in capital a/c Dr To Partners capital a/c (Being interest on capital provided)		XXX	XXX

14. Why is Profit and loss appropriation account prepared?

It is prepared for the purpose of adjusting the transaction relating to the amount due to and amount due from partners.

15. What is goodwill?

- ♣ It is the good name of the business.
- ♣ It is an intangible assets
- ♣ It has no physical existence

16. What is acquired goodwill?

- ♣ Goodwill acquired by making payment in cash or kind is called acquired goodwill.
- ♣ It is also called purchased goodwill.

17. What is super profit?

- ♣ It is the excess of average profit over the normal profit of a business.
- ♣ Super Profit = Average Profit - Normal Profit

18. What is normal rate of return?

It is the rate at which profit is earned by similar business entities in the industry under normal circumstances.

19. State any two circumstances under which goodwill of a partnership firm is valued.

- ♣ Change in profit sharing ratio
- ♣ Admission of a partner
- ♣ Retirement or death of a partner
- ♣ Dissolution of partnership firm

20. What is sacrificing ratio?

- ♣ It is ratio of share sacrificed by the old partners.
- ♣ Share of the new partner is the sum of share sacrificed by the old partners.

21. What is meant by retirement of a partner?

- ♣ When a partner leaves from a partnership firm, it is known as retirement.
- ♣ It is also called outgoing or retirement partner.

22. What is gaining ratio?

- ♣ The continuing partners may gain a portion of the share of profit of the retiring partner.
- ♣ Gaining Ratio = New share – Old share

23. **What is a share?**
- ♣ The capital of a company is divided into small units of fixed amount.
 - ♣ These units are called shares.
24. **What is over-subscription?**
- ♣ When the number of shares applied for is more than the number of shares offered for subscription.
 - ♣ It is said to be over subscription.
25. **What is meant by calls in arrear?**
- ♣ Sometimes shareholders may fail to pay the amount due on calls.
 - ♣ The amount called up but not paid is called calls in arrears.
26. **Write a short note on securities premium account.**
- ♣ When a company issues shares at a price more than the face value, the shares are said to be issued at premium.
 - ♣ The excess is called as premium.
27. **Why are the shares forfeited?**
If the shareholders fail to pay the amount due on calls, shares will be forfeited.
28. **What is automated accounting system?**
Automated accounting is an approach to maintain up-to-date accounting records with the aid of accounting software.
29. **What are accounting reports?**
It is a compilation of accounting information that is derived from the accounting records of a business concern.
- ♣ Routine Reports
 - ♣ Special Purpose Reports.
30. **State any five accounting reports.**
- | | | |
|------------------------|----------------------|-------------------------|
| i) Day books / Journal | ii) Income statement | iii) Ledger |
| iv) Balance sheet | v) Trial balance | vi) Cash flow statement |
31. **What is Accounting Information System (AIS)?**
Accounting Information System (AIS) collects financial data, processes them and provides information to the various user.
32. **What is group in Tally.ERP 9?**
In Tally, a Group is a collection of ledgers of the same nature. There are predefined groups of accounts which are widely used in accounts of many organizations.

**The Above 32 Two Mark Questions Read and Get it
Minimum 6 to 8 Marks**

Short Answers Questions (3 Marks)

1. **What are the features of incomplete records?**
- (i) Nature:**
- ♣ It is an unscientific way of recording transactions.
 - ♣ Accounting principles are not followed properly.
- (ii) Type of accounts maintained:**
- ♣ Only cash and personal accounts are maintained fully.
 - ♣ Real and nominal accounts are not maintained properly.
- (iii) Lack of uniformity:**
Different organisations record their transactions according to their needs and conveniences.

2. **What are the limitations of incomplete records?**

(i) **Lack of proper maintenance of records:**

- ♣ It is an unscientific way of maintaining records.
- ♣ Real and nominal accounts are not maintained properly.

(ii) **Difficulty in preparing trial balance:**

- ♣ The accounting records are incompleting.
- ♣ Hence, it is difficult to prepare trial balance.

(iii) **Errors and Frauds:**

Errors and frauds cannot be easily detected from partial records.

3. **State the procedure for calculating profit or loss through statement of affairs.**

- ♣ The difference between the closing and opening capital are taken as profit or loss of the business.
- ♣ Due adjustments are to be made for Drawings (+) and Additional capital (-).

Statement of Profit or Loss for the year ended.....

Particulars	₹
Closing Capital	XXX
(+) Drawings	XXX
(-) Additional Capital	XXX
Adjusted Closing Capital	XXX
(-) Opening Capital	XXX
Profit or Loss	XXX

- ♣ If adjusted closing capital is more than the opening capital = Profit.
- ♣ If adjusted closing capital is lesser than the opening capital = Loss.

4. **How is the amount of credit sale ascertained from incomplete records?**

The amount of credit sale ascertained by preparing total debtors accounts.

Dr.		Total Debtors Accounts		Cr.	
Particulars	₹	Particulars	₹	Particulars	₹
To Balance b/d (Opening Bal)	XXX	By Cash A/c (Received)	XXX		
To Sales A/c (Credit Sales)	XXX	By Bank A/c (Cheque Received)	XXX		
To Bank A/c (Cheque Dishonoured)	XXX	By Discount Allowed A/c	XXX		
To Bills Receivable A/c (Bills Dishonoured)	XXX	By Sales Returns A/c	XXX		
		By Bad Debts A/c	XXX		
		By Bills Receivable A/c (Bill Received)	XXX		
		By Balance c/d (Closing Bal)	XXX		
	XXX		XXX		

5. **What is income and expenditure account?**

- ♣ It is nominal account.
- ♣ It is prepared to find out Surplus or Deficit relating to a particular year.
- ♣ It is just like preparing profit and loss account.
- ♣ Only revenue income and expenditure items are recorded.
- ♣ Depreciation and Outstanding expenses are also recorded.

6. **How the following items are dealt with in the final accounts of not-for-profit organisation?**

- a) **Sale of sports materials** b) **Life membership fees** c) **Tournament fund**

a) **Sale of sports materials:**

- ♣ Consumable items such as sports material, stationary medicines etc., consumed during the year.

♣ Consumption = opening stock + Purchase - Closing Stock

b) Life membership fees:

♣ Amount received towards life membership fee from members.

♣ It is a capital receipt.

♣ It is non-recurring in nature.

c) Tournament fund:

♣ If there are any specific funds such as tournament fund, prize fund etc....

7. How annual subscription is dealt with in the final accounts of not-for-profit organisation?

The annual subscription is dealt with in the final accounts of following as:

i) Treatment in Income and Expenditure Account

When subscription received for the current year, previous years and subsequent period are given separately, subscription received for the current year will be shown on the credit side of Income and Expenditure Account.

ii) Treatment in Balance Sheet

♣ Subscriptions outstanding for the current year and still outstanding for the previous year will be shown on the Assets side of the Balance Sheet.

♣ Subscriptions received in advance in the current year will be shown on the Liabilities side of the Balance Sheet.

8. State the features of partnership.

♣ It is an association two or more person.

♣ Minimum 2 and Maximum number of members 50 limited.

♣ They agreement may be oral or written.

♣ It's carried on by all or any of them acting for all.

9. State any six contents of a partnership deed.

i) Name of the firm and nature and place of business

ii) Date of commencement and duration of business

iii) Names and addresses of all partners

iv) Capital contributed by each partner

v) Profit sharing ratio

vi) Amount of drawings allowed to each partner

vii) Rate of interest to be allowed on capital

10. How is goodwill calculated under the super profits method?

i) Average Profit = $\frac{\text{Total Profits}}{\text{Number of Years}}$

ii) Normal Profit = Capital Employed × NRR

iii) Super Profit = Average Profit – Normal Profit

iv) Goodwill = Super Profit × No. Year of Purchase

11. How is the value of goodwill calculated under the capitalization method?

i) Capitalized Value of the business = $\frac{\text{Average Profits}}{\text{Number of Years}} \times 100$

ii) Capital Employed = Fixed Asset + Current Asset – Current Liabilities

iii) Goodwill = Capitalized Value of business – Capital Employed

12. Write a brief note on calls in advance.

♣ The excess amount paid over the called up value of a share is known as calls in advance.

♣ It is the excess money paid on application or allotment or calls.

13. What is reissue of forfeited shares?

- ♣ Shares forfeited can be reissued by the company.
- ♣ The shares can be reissued at any price.
- ♣ But, the reissue price cannot be less than the amount unpaid on forfeited shares.

14. Write a short note on (a) Authorised capital (b) Reserve capital

(a) Authorized Capital:

- ♣ It means such capital as is authorized by the memorandum of association.
- ♣ It is the maximum amount which can be raised as capital.
- ♣ It is also known as Registered capital or Nominal capital.

(b) Reserve Capital:

- ♣ The company can reserve a part of its subscribed capital to be called up only at the time of winding up.
- ♣ It is called Reserve Capital.

15. What is meant by issue of shares for consideration other than cash?

A company may issue shares for consideration other than cash when the company acquires fixed assets such as land and buildings, machinery etc.,

16. Write a brief note on accounting vouchers.

- ♣ 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

17. What are the pre-defined ledgers available in Tally.ERP 9?

Tally has two predefined ledgers,

- i) Cash
- ii) Profit & Loss A/c.

The user has to create various other ledgers based on their requirements.

To create ledger:

Gateway of Tally > Masters > Accounts Info > Ledgers > Single Ledger > Create

- i) Cash a/c
- ii) Profit and Loss a/c
- iii) Purchase a/c
- iv) Sales a/c
- v) Bank a/c
- vi) Capital a/c

18. Explain how to view profit and loss statement in Tally.ERP 9.

To view Profit and Loss Account:

F10: A/c Reports > Profit & Loss A/c > Alt F1 (detailed)

(Or)

Gateway of Tally > Reports > Profit & Loss A/c > AltF1 (detailed)

The Above 18 Three Mark Questions Read and Get it Minimum 9 to 12 Marks

Long Answer Questions (5 Marks)

1. State the differences between double entry system and incomplete records.

S.No.	Basis	Double Entry System	Incomplete Records
1	Transactions	Both debit and credit aspects of all the transations are recorded.	Debit and credit aspects of all the transactions are not recorded completely
2	Reliability	It is reliable.	It is not reliable.

3	Accounts	Personal, real and nominal accounts are maintained.	Only cash and personal accounts are maintained.
4	Suitable	It is suitable for all types of organisations.	It is only suitable for sole trading and partnership Firms.
5	Trial balance	It can be prepared easily.	It is difficult to prepare it.

2. **Differentiate between statement of affairs and balance sheet.**

S.No.	Basis	Statement of Affairs	Balance Sheet
1	Accounts	All accounts are maintained.	Only personal and nominal accounts are maintained.
2	Reliable	It is not reliable.	It is reliable.
3	Accounting System	It is prepared form single entry system	It is prepared by double entry system.
4	Missing items	It is very difficult to trace it.	It trace very easily
5	Basis	It is not fully based ledger.	It is based fully ledger.

3. **State the differences between Receipts and Payments Account and Income and Expenditure Account.**

S.No.	Basis	Receipt and Payment Account	Income and Expenditure Account
1	Nature of account	It is real account	It is nominal account
2	Basis	It is based on cash system	It is based on accrual system
3	Opening and Closing balance	It commence opening and closing balance.	There is no opening and closing balance
4	Nature of items	It contains actual receipt and payment	It contains only revenue expenses and incomes.
5	Period	It contains the past period, current period and subsequent period are recorded.	It contains only the items relating to the current period.

4. **State the differences between fixed capital method and fluctuating capital method.**

Basis	Fixed Capital Method	Fluctuating Method
Number of Accounts	Two accounts are maintained i) capital account ii) current account	Only one account capital account maintained.
Change in Capital	The amount of capital not changes from period to period	The amount of capital changes from period to period
Closing Balance	It always show the credit balance	It always show the debit or credit balance
Adjustments	All adjustments done in current account	All adjustments done in capital account

5. **Distinguish between sacrificing ratio and gaining ratio.**

Basis	Sacrificing ratio	Gaining ratio
Meaning	A share o profit sacrificed by the old partner to new partner.	A share of profit gained by existing partner from retiring partner.
Purpose	It is calculated to determine the amount to be adjusted towards goodwill for the sacrificing partners.	It is calculated to determine the amount to be adjusted towards goodwill for the gaining partners.
Time	Admission of a partner	Retirement of a partner
Formula	Sacrificing Ratio = old ratio – new ratio	Gaining Ratio = New ratio – Old ratio

6. State the differences between preference shares and equity shares.

S.No.	Basis	Preference shares	Equity Shares
1	Rights	Preference shares are those shares which have preferential rights	Equity shares are those shares which have no preferential rights
2	Rate of dividend	Fixed	Variable
3	Voting rights	They can vote on any resolutions affecting the Rights.	They can vote on are resolutions.
4	Convertibility	Preference shares can be converted into equity shares.	Equity shares can never be converted.
5	Payment of dividend	Priority in payment of dividend over equity shareholders	The dividend is paid after the payment of all liabilities

7. Write a brief note on the applications of the provisions of the Indian Partnership Act, 1932 in the absence of partnership deed.

i) Remuneration to partners:

No salary or remuneration is allowed to any partner. [Section 13(a)]

ii) Profit sharing ratio:

Profits and losses are to be shared equally. [Section 13(b)]

iii) Interest on capital:

No interest is allowed on the capital. [Section 13(c)]

iv) Interest on loans advanced by partners to the firm:

Interest on loan is to be allowed at the rate of 6%. [Section 13(d)]

v) Interest on drawings:

No interest is charged on the drawings of the partners.

8. State any six factors determining goodwill.

- i) Profitability of the firm.
- ii) Favorable location of the business enterprises.
- iii) Good quality of goods or service offered.
- iv) Tenure of the business enterprise
- v) Efficiency of management.
- vi) Degree of competition
- vii) Other factors

9. What are the adjustments required at the time of admission of a partner.

- i) Distribution of accumulated profits, reserves and losses
- ii) Revaluation of assets and liabilities
- iii) Determination of new profit-sharing ratio and sacrificing ratio
- iv) Adjustment for goodwill
- v) Adjustment of capital on the basis of new profit sharing ratio

10. List out the adjustments made at the time of retirement of a partner in a partnership firm.

- ♣ Distribution of accumulated profits, reserves and losses
- ♣ Revaluation of assets and liabilities
- ♣ Determination of new profit sharing ratio and gaining ratio
- ♣ Adjustment for goodwill
- ♣ Adjustment for current year's profit or loss upto the date of retirement
- ♣ Settlement of the amount due to the retiring partner

11. Mention the commonly used voucher types in Tally.ERP 9.

(i) Receipt Voucher

All transactions related to receipt either in cash or through bank are recorded using receipt voucher.

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.

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.

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

12. Explain any five applications of computerized accounting system.

i) Maintaining accounting records:

- ♣ It can be maintained easily and efficiently for long time period.
- ♣ It facilitates fast and accurate retrieval of data and information.

ii) Inventory management:

- ♣ CAS facilitates efficient management of inventory.
- ♣ Fast moving, slow moving and obsolete inventory can be identified.

iii) Report generation:

- ♣ CAS helps to generate various routine and special purpose reports.

iv) Data import/export:

- ♣ Accounting data and information can be imported from or exported to other users within the organisation.

v) Taxation:

- ♣ CAS helps to compute various taxes and to deduct these and deposit the same to the Government account.

The Above 12 Five Mark Questions Read and Get it

Minimum 5 to 10 Marks

SUMS

Unit - 1 – Accounts from Incomplete Records

Examples :- 1 to 16 - Exercises :- 1 to 16

Unit - 2 – Accounts of Not-for-Profit Organisation

Examples :- 1 to 7 - Exercises :- 1 to 7

Unit - 3 – Accounts of Partnership Firms - Fundamentals

Examples :- 1 - Exercises :- 1

Unit - 4 – Goodwill in Partnership Accounts

Examples :- 1 to 11 - Exercises :- 1 to 11

Unit - 8 – Financial Statement Analysis

Examples :- 1 to 16 - Exercises :- 1 to 16

The Above 5 Units Important Sums Practice and Get it

Minimum 20 to 25 Marks

The Above 1, 2, 3 & 5 Marks Questions

Read and Practice

Get Minimum (Approx) 45 to 55 Marks

Congratulations

Regards...

***M. Khader*, M.Com., B.Ed., M.Phil.,**

P. G. Assistant in Commerce,

Govt. Boys Hr. Sec. School, Pudupalayam,

Tiruvannamalai District.

Mobile:- 94863 35786
