

## QUARTERLY EXAMINATION-

SEPTEMBER 2018

XII STD

ACCOUNTANCY ---KEY

### SECTION-1

| Q,NO | OPTION | ANSWERS                        |
|------|--------|--------------------------------|
| 1    | A      | A liability                    |
| 2    | B      | Capital a/c                    |
| 3    | B      | Profit and loss a/c            |
| 4    | B      | Total debtors a/c              |
| 5    | A      | 2010                           |
| 6    | C      | 2;1                            |
| 7    | C      | Money and physical units       |
| 8    | C      | 218000                         |
| 9    | A      | Wear and tear of the asset     |
| 10   | B      | 1500                           |
| 11   | A      | 20000                          |
| 12   | A      | Gross profit and total sales   |
| 13   | c      | percentage                     |
| 14   | A      | future                         |
| 15   | B      | Closing capital                |
| 16   | C      | Financial position             |
| 17   | A      | Correct only ascertainment one |
| 18   | A      | Cost value of asset            |
| 19   | D      | Financial statement            |
| 20   | A      | Cash budget                    |

### SECTION -II

**21. Adjusting Entries**-Journal entries passed to effect the required adjustments are known as adjusting entries.

**22. Statement of affairs**-To find out the capital of business. Statement of affairs like a balance sheet

**23. written down method**- depreciation is charged at a fixed percentage each year on the reducing balance (i.e., cost less depreciation) of asset. The amount of depreciation goes on decreasing every year.

**24 .Account payable**-accounts payable (Creditors + Bills payable)

**25. Budget**-Longman's Dictionary of Business English defines a budget as "an account of the probable future income and expenditure".

### 26. Statement of Budget-

|               |    |                 |
|---------------|----|-----------------|
| Op cash       | Rs | 9000            |
| +Exp Receipt  | Rs | 14000           |
|               |    | 23000           |
| -Exp Payments | Rs | 10000           |
| Clo Cash      |    | <b>Rs 13000</b> |

### 27. Fixed asset sales Ratio

$$\text{Sales / Fixed Assets} = 45000 / 150000 = \mathbf{0.3 \text{ Times}}$$

### 28. Calculate amount of Depreciation

$$\text{Cost of Asset - Scrap / Est Life} \\ 28000 - 2000 / 5 = \mathbf{5200}$$

### 29. Statement of Profit or loss

|                 |             |
|-----------------|-------------|
| Capital at end  | 32000       |
| +Drawings       | 4800        |
|                 | 36800       |
| -Addl capital   | 8000        |
|                 | 28800       |
| -Beg Capital(?) | 19200       |
| Profit          | <b>9600</b> |

**30** closing Stock a/c Dr 250000  
To Trading a/c 250000

### SECTION III

**31 Trading A/c**-Account is prepared for calculating gross profit or gross loss.

**Profit & Loss A/c**-For calculating Net profit and net loss

**Balance Sheet**- It is a statement (like liabilities and asset) 1 year prepared with an aim to know the financial position of the business on the last date of the financial year

### 32 Demerits of Single entry system

1. Incomplete and unscientific method:
2. Trial Balance can not be prepared:
3. Performance of the business cannot be ascertained:
4. True financial position cannot be ascertained:.

### 33.External reasons for Depreciation

External Causes

1. Obsolescence:
2. Effluxion of time:
3. Time Factor:

### 34.Demerits of financial statements

1. It analyses what has happened till date and does not reflect the future.
2. It ignores price level changes.
3. Financial analysis takes into consideration only monetary matters.
4. The conclusions of the analysis is based on the correctness of the financial statements.

35 Accounting principles total receipt minus Total Expenditure the balance subsequently next Year opening balance

### 36. Entries

|   |      |      |
|---|------|------|
| Bad debts A/c Dr<br>To S debtors A/c        | 2000 | 2000 |
| Profit and loss A/c Dr<br>To Bad Debts a/c  | 2000 | 2000 |
| Profit and loss a/c Dr<br>To p DD           | 5000 | 5000 |
| Profit and loss A/c Dr<br>To Dis on Debtors | 950  | 950  |

### 37 S,DEBTORS ACCOUNT

| PAR        | RS    | PAR     | RS    |
|------------|-------|---------|-------|
| To Bal b/d | 20400 | By Cash | 60800 |
| Sales (?)  | 73400 | S/R     | 5400  |
|            | 93800 | Bal c/d | 27600 |
|            |       |         | 93800 |

### 38.Caluclation of Rate of Depreciation

Amount of Dep =  

$$\frac{\text{Cost of Asset} + \text{Installation charges} - \text{Residual value}}{\text{Life}}$$

$1000000 + 100000 - 5000 / 5 = 219000$

Rate of Dep=

$\frac{\text{Amount of Dep}}{\text{Cost of Asset}} \times 100$   
 $219000 / 1100000 \times 100 = 19.9\%$

39. 1) Gross profit Ratio=GP/ sales X100

$100000 / 300000 \times 100 = 33.3\%$

2) Net profit Ratio =NP/sales X100

$30000 / 300000 \times 100 = 10\%$

3) Current Ratio CA/CL

$60000 / 30000 = -2;1$

40 .

### CASH BUDGET

|                      |       |
|----------------------|-------|
| Opening Cash balance | 2500  |
| + cash sales         | 65000 |
| +Int on investment   | 1750  |
| Total receipts       | 69250 |
| - Wages 23750        |       |
| -Cash purchase 27450 | 51200 |
| Closing cash balance | 18050 |

### SECTION-IV

#### 41 A . Entries

|   |      |      |
|---|------|------|
| Bad debts A/c Dr<br>To S debtors A/c        | 5000 | 5000 |
| Profit and loss A/c Dr<br>To Bad debts A/c  | 5000 | 5000 |
| Profit and loss A/c Dr<br>To Prov B Debts   | 6000 | 6000 |
| Profit and loss A/c Dr<br>To Dis on Debtors | 2850 | 2850 |

#### Profit and Loss Account

|              |       |
|--------------|-------|
| To Bad debts | 5000  |
| PDD          | 6000  |
| P Dis DRs    | 2850  |
| Total        | 13850 |

### BALANCE SHEET

| LIB | RS | ASSET     | RS     |
|-----|----|-----------|--------|
|     |    | S Debtors | 125000 |
|     |    | -B\D      | 5000   |
|     |    |           | 120000 |
|     |    | -P DD     | 6000   |
|     |    |           | 114000 |
|     |    | -P Dis Dr | 2850   |
|     |    |           | 111150 |

**41 B**

Accrued Int on investment a/c Dr 100000  
 To int on investment a/c 100000

**Profit and Loss Account**

| PAR | RS | PAR              | RS            |
|-----|----|------------------|---------------|
|     |    | By Int on Invest | 400000        |
|     |    | +int O/s         | 100000        |
|     |    |                  | <b>500000</b> |

**BALANCE SHEET**

| LIB | RS | ASSET       | RS             |
|-----|----|-------------|----------------|
|     |    | Investments | 5000000        |
|     |    | _int        | 100000         |
|     |    |             | <b>5100000</b> |

**42 A STATEMNET OF AFFAIRS**

| LIB                | RS             | ASSETS    | RS      |
|--------------------|----------------|-----------|---------|
| S creditors        | 150000         | Furniture | 150000  |
|                    |                | S Debtors | 750000  |
|                    |                | Stock     | 350000  |
| <b>Capital (?)</b> | <b>1150000</b> | Cash      | 50000   |
|                    | 1300000        |           | 1300000 |

**STATEMNET OF AFFAIRS**

| LIB                | RS             | ASSETS    | RS      |
|--------------------|----------------|-----------|---------|
| S creditors        | 300000         | Furniture | 150000  |
|                    |                | S Debtors | 1000000 |
|                    |                | Stock     | 500000  |
| <b>Capital (?)</b> | <b>1410000</b> | Cash      | 60000   |
|                    | 1710000        |           | 1710000 |

**STATEMENT OF PROFIT OR LOSS**

| PAR            | RS            |
|----------------|---------------|
| Ending Capital | 1410000       |
| -Drawings      | 350000        |
|                | 1760000       |
| -Addl capital  | 150000        |
|                | 1610000       |
| -op capital    | 1150000       |
| profit         | <b>460000</b> |

**42 B S DEBTORS ACCOUNT**

| PAR              | RS            | PAR     | RS            |
|------------------|---------------|---------|---------------|
| To Bal b/d       | 100000        | By Cash | 590000        |
|                  |               | D/A     | 5000          |
| <b>Sales (?)</b> | <b>571000</b> | S/R     | 6000          |
|                  |               | Bal c/d | 70000         |
|                  | 671000        |         | <b>671000</b> |

**S CREDITORS ACCOUNT**

| PAR        | RS     | PAR          | RS           |
|------------|--------|--------------|--------------|
| To cash    | 40000  | By Bal b/d   | 65000        |
| P/R        | 10000  | Purchase (?) |              |
| D/R        | 3000   |              | <b>38000</b> |
| To Bal c/d | 50000  |              |              |
|            | 103000 |              | 103000       |

**Sales****Purchase**

|              |                |               |
|--------------|----------------|---------------|
| Credit       | 571000         | 38 000        |
| Cash         | 500000         | 250000        |
| <b>Total</b> | <b>1071000</b> | <b>288000</b> |

**43 A Balance Sheet & statement of affairs**

| Basis                   | Balance Sheet   | Statement of Affairs  |
|-------------------------|---|---|
| 1. Objectives           | To Know the financial position of the business  | To find out the capital of business   |
| 2. Accounting method    | When accounting is maintained under double entry system, balance sheet is prepared            | Statement of affairs is prepared when accounts are maintained under single entry system of accounting |
| 3. Basis of preparation | It is prepared exclusively on the basis of ledger accounts                                    | It is prepared on the basis of some ledger accounts and estimates.                                    |
| 4. Reliability          | It is regarded as a reliable statement  | It is not regarded as reliable.   |
| 5. Missing of Facts     | Since both the aspects of all transactions are duly recorded, no chance for missing of facts. | There remains always a possibility for missing of facts, because the accounts are incomplete.         |

**43 B Reasons for providing Depreciation—**

**1. To ascertain correct profit / loss** For proper matching of cost with revenues, it is necessary to charge depreciation against revenue in each accounting year, to calculate the correct net profit or net loss.

**2. To present a true and fair view of the financial position** If the amount of depreciation is not provided on fixed assets in the books of account, the value of fixed assets will be shown at a higher value than it's real value in the balance sheet..

**3. To ascertain the real cost of production** For ascertaining the real cost of production, it is necessary to provide depreciation.

**4. To comply with legal requirements** As per Section 205(1) of the Companies Act 1956, it is compulsory for companies to provide depreciation on fixed assets before it declares dividend.

**5. To replace assets** Depreciation is provided to replace the assets when it becomes useless.

**44 B**

**Current Ratio=**

CA/CL 80000/50000=1.6;1

**Fixed asset sales Ratio =**

sales /FA 480000/120000= 4 Times

**Debt–equity Ratio =**

Long term debts/Shareholders fund  
30000/100000+20000= 0.25.1

**Proprietary Ratio =**

Shareholders fund/ Total Tangible assets  
120000/200000=0.6:1

**45.A. TRADING AND PROFIT & LOSS ACCOUNT**

| PAR                  | RS            | PAR                | RS     |
|----------------------|---------------|--------------------|--------|
| To op stock          | 10200         | By sales           | 72000  |
| To wages             |               | Cl stock           | 50000  |
| 800                  |               |                    |        |
| +o/s wages 200       | 1000          |                    |        |
| Freight              | 3000          |                    |        |
| <b>Gross profit</b>  | <b>107000</b> |                    |        |
|                      | 122000        |                    | 122000 |
| To Dep               | 2000          | By Gross profit    | 107800 |
|                      |               | By int on inv 2000 |        |
| <b>To Net profit</b> | <b>107000</b> | -advance           |        |
|                      |               | int 1000           | 1000   |
|                      |               | Int                |        |
|                      |               | Drawing            | 800    |
|                      | 109800        |                    | 109800 |

**44 A Machinery Account**

| PAR                      | RS            | PAR                     | RS     |
|--------------------------|---------------|-------------------------|--------|
| 1/4/2010<br>ToBank a/c   | 600000        | 31/3/2012<br>By Dep a/c | 120000 |
|                          | 600000        | By Bal c/d              | 480000 |
|                          |               |                         | 600000 |
| 1/4/2012<br>To Bal /d    | 480000        | 31/3/2013<br>By dep a/c | 120000 |
|                          | 480000        | By Bal c/d              | 390000 |
|                          |               |                         | 480000 |
| 1/4/2013<br>To Bal b/d   | 390000        | 31/3/2014<br>By dep a/c | 120000 |
| <b>Profit &amp; loss</b> | <b>576000</b> | By Bank                 | 500000 |
| (profit on sale)         | 620000        | (sale)                  | 620000 |

**Depreciation Account**

|               |        |            |        |
|---------------|--------|------------|--------|
| ToMachine a/c | 120000 | By P&L a/c | 120000 |
| ToMachine a/C | 120000 | By P&L a/c | 120000 |
| ToMachine a/c | 120000 | By P&L a/c | 120000 |

**BALANCE SHEET**

| LAIBILITIES     | RS            | ASSET               | RS            |
|-----------------|---------------|---------------------|---------------|
| Capital 44000   |               | B/R                 | 5000          |
| -drawing 4000   |               | Computer            | 10000         |
| 40000           |               | Clo stock           | 50000         |
| Int Drawing 800 |               | Suspense account(?) | <b>75000</b>  |
|                 |               |                     |               |
| 39800           |               |                     |               |
| =NP             | 146800        |                     |               |
| 107000          | 200           |                     |               |
| O/S wages       | 1000          |                     |               |
| Adv int         | <b>148000</b> |                     | <b>148000</b> |

45B

## Entries

| Particulars               | Debit  | credit |
|---------------------------|--------|--------|
| 1.Clo stock a/c Dr        | 600000 |        |
| To Trading a/c            |        | 600000 |
| 2.int on capital a/c Dr   | 96000  |        |
| To capital a/c            |        | 96000  |
| 3 Renr received a/c Dr    | 5000   |        |
| To adv rent received      |        | 5000   |
| 4 acc interest a/c Dr     | 2000   |        |
| To interest a/c           |        | 2000   |
| 5 prepaid insuprem a/c Dr | 1000   |        |
| To insurance premium a/c  |        | 1000   |
| 6.wages a/c Dr            | 15000  |        |
| To o/s wages a/c          |        | 15000  |

46 A

## CASH BUDGET

| PAR                          | AUG           | SEP            |
|------------------------------|---------------|----------------|
| Op Cash Balance              | 80000         | 291000         |
| + Cash sale                  | 325000        | 475000         |
| Credit sales                 | 275000        | 345000         |
| Dividend                     | 16000         |                |
| <b>Total (a)</b>             | <b>696000</b> | <b>1111000</b> |
| Cash purchase                | 200000        | 300000         |
| Credit purchase              | 145000        | 245000         |
| commission                   |               | 270000         |
| Exp                          | 60000         | 70000          |
| <b>Total (b)</b>             | <b>405000</b> | <b>885000</b>  |
| <b>Cl cash balance a-b=c</b> | <b>291000</b> | <b>226000</b>  |

46 B

## CASH BUDGET

| PAR                          | jun           | july          |
|------------------------------|---------------|---------------|
| Op Cash Balance              | 40000         | 145500        |
| + Cash sale                  | 162500        | 237500        |
| Credit sales                 | 137500        | 172500        |
| Dividend                     | 8000          |               |
| <b>Total (a)</b>             | <b>347000</b> | <b>555500</b> |
| Cash purchase                | 100000        | 150000        |
| Credit purchase              | 72500         | 122500        |
| commission                   |               | 135000        |
| Exp                          | 30000         | 35000         |
| <b>Total (b)</b>             | <b>202500</b> | <b>442500</b> |
| <b>Cl cash balance a-b=c</b> | <b>145500</b> | <b>113000</b> |

**47A .Bad Debts** -Debts which cannot be recovered are called bad debts. It is a loss for the Business

**Provision for Bad and Doubtful Debts** - Every business suffers a percentage of bad debts over and above the debts definitely known as irrecoverable and written off as Bad (Bad debts written off).

**Provision for Discount on Debtors** -To motivate the debtors to make prompt payments, cash discount may be allowed to them. After providing provision for bad and doubtful debts, the remaining debtors are called as good debtors..

**47B WDV method** Uniform effect on the Profit and Loss account of different years: The total charge remains almost uniform year after year, since in earlier years the amount of depreciation is more and the amount of repairs and renewals is less, whereas in later years the amount of depreciation is less and the amount of repairs and renewals is more. This method recognized by the Income Tax authorities

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