

FIRST REVISION TEST-FEBRUARY-2022-ANSWER KEY

CLASS:- 12

ACCOUNTANCY

MARKS: 90

PART-I

(20 × 1 = 20)

1. (c) Capital	11. (b) Total Creditors Account
2. (b) Statement of Assets and liabilities	12. (c) Small Sized Sole Traders Business
3. (a) Total Debtors Account	13. (c) Bills payable accepted during the year
4. (d) Capital Receipt	14. (c) Surplus or Deficit
5. (a) Equal Ratio	15. (c) 1932
6. (a) Not allowed	16. (c) 1. (iii) 2. (ii) 3. (iv) 4. (i)
7. (d) Sale proceeds of Furniture	17. (d) ₹ 65,000
8. (b) Real a/c	18. (b) Double entry system
9. (a) Nominal a/c	19. (d) Capital
10.(b) 6 Months	20. (b)Capital Receipts- Interest on Investment

PART- II (QS NO:30 COMPULSORY) (7 × 2 = 14)

21. Statement of affairs

- ❖ A statement of affairs is a statement showing the balances of assets and liabilities on a particular date.
- ❖ This statement resembles a balance sheet.
- ❖ The difference between the total of assets and total of liabilities is taken as capital.

22. Accounts generally maintained by small sized sole trader are:-

- ❖ cash account fully
- ❖ the personal accounts of customers and creditors fully
- ❖ other accounts are maintained based on necessity.

23. Life membership fee:-

- ❖ Amount received towards life membership fee from members is a capital receipt.
- ❖ It is non-recurring in nature.

24. Partnership deed:-

- ❖ Partnership deed is a document in writing that contains the terms of the agreement among the partners.
- ❖ It is not compulsory for a partnership to have a partnership deed as per the Indian Partnership Act, 1932.

25.

Interest on Capital a/c	Dr	xxx	
To Partner's Capital a/c			xxx
Profit and loss Appropriation a/c	Dr	xxx	
To Interest on Capital a/c			xxx

26. Int on Drawings = Amount of Drawing × Rate of Interest × Period of Interest

$$= (10,000 \times 12) \times \frac{6}{100} \times \frac{6}{12}$$

$$= 1,20,000 \times \frac{6}{100} \times \frac{6}{12} = \text{₹ } 3,600$$

27. Calculation of missing figure:-

PARTICULARS	₹
Closing Capital	9,000
Add:- Drawings	6,000
	15,000
Less:- Additional Capital	3,000
Adjusted Closing Capital	12,000
Less:- Opening Capital	10,000
Profit during the year	2,000

28. Dr

Income and Expenditure a/c

Cr

Expenditure	₹	₹	Income	₹
To Sports material consumed :-				
Opening stock of sports material	16,000			
Add:- Sports material purchased	84,000			
	1,00,000			
Less:- Closing stock of sports material	10,000	90,000		

Balance sheet as on 31/03/2019

Liabilities	₹	Assets	₹
		Stocks of Sports material as on 31.3.2019	10,000

29. Dr

Total Debtors a/c

Cr

PARTICULARS	₹	PARTICULARS	₹
To Balance b/d	1,00,000	By Cash a/c	2,30,000
To Credit Purchases a/c	2,80,000	By Returns Inward a/c	25,000
		By Discount allowed a/c	5,000
		By Balance c/d	<u>1,20,000</u>
	<u>3,80,000</u>		<u>3,80,000</u>

30. Capital receipts:-

- ❖ Life membership fee
- ❖ Legacy
- ❖ Special fund
- ❖ Specific Donations etc.,

PART-III (QS NO:40 COMPULSORY)

(7× 3 = 21)

31. Features of Incomplete records:- (any 3)

❖ **Nature:**

It is an unscientific and unsystematic way of recording transactions. Accounting principles and accounting standards are not followed properly.

❖ **Type of accounts maintained:**

Only cash and personal accounts are maintained fully. Real accounts and nominal accounts are not maintained properly. Some transactions are completely omitted.

❖ **Lack of uniformity:**

There is no uniformity in recording the transactions among different organisations.

❖ **Financial statements may not represent true and fair view:**

Due to the incomplete information and inaccurate records of accounts:-
The profit or loss calculated may not represent true profitability.
Assets and liabilities may not represent a true and fair view of financial position.

❖ **Suitability:**

Only the business concerns which have no legal obligation to maintain books of accounts under double entry system may maintain incomplete records.

Hence, it may be maintained by small sized sole traders and partnership firms.

❖ **Mixing up of personal and business transactions:**

Generally, personal transactions of the owners are mixed up with the business transactions.

32. Dr FORMAT OF BILLS RECEIVABLE A/C

To Balance b/d	xxx	By Cash/Bank a/c (Bills Receivable accepted)	xxx
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To Sundry Debtors a/c (Bills accepted during the year)	xxx	By Sundry Debtors a/c (Dishonoured)	xxx
		By Balance c/d	xxx
	xxx		xxx

33. Features of partnership. (Any 3)

1. Partnership is an association of two or more persons. The maximum number of partners is limited to 50.
2. There should be an agreement among the persons to share the profit or loss of the business. The agreement may be oral or written or implied.
3. The agreement must be to carry on a business and to share the profits of the business.
4. The business may be carried on by all the partners or any of them acting for all.

34. . IN THE BOOKS OF THOMAS STATEMENT OF AFFAIRS AS ON 31/03/2019

LIABILITIES	₹	ASSETS	₹
Sundry Creditors	6,00,000	Furniture	80,000
Bills Payable a/c	1,20,000	Land and Building	3,00,000
		Sundry Debtors	3,20,000
		Cash in Hand	20,000
Capital (Bal. fig)	2,80,000	Bills Receivable a/c	60,000
		Stock	2,20,000
	10,00,000		10,00,000

35. Dr INCOME AND EXPENDITURE A/C AS ON 31/03/2017 Cr

EXPENDITURE	₹	INCOME	₹	₹
		By Subscription Received	25,000	
		Less:- 2015-16 Subscription	2,000	
			23,000	
		Less:- 2017-18 Subscription	1,500	
			21,500	
		Add:-2016-17 Outstanding Subscription	500	22,000

BALANCE SHEET AS ON 31/03/2017

LIABILITIES	₹	ASSETS	₹
Subscription received in advance (2017-18)	1,500	Subscription outstanding (2016-17)	500

36. CALCULATION OF INTEREST ON DRAWINGS :- (DIRECT METHOD)

Interst on Drawings = Amount of Drawing×Rate of Interest×Period of Interest

$$\text{FEBRUARY 1} = 2,000 \times \frac{6}{100} \times \frac{11}{12} = 110$$

$$\text{MAY-1} = 10,000 \times \frac{6}{100} \times \frac{8}{12} = 400$$

$$\text{JULY-1} = 4,000 \times \frac{6}{100} \times \frac{6}{12} = 120$$

$$\text{OCTOBER-1} = 6,000 \times \frac{6}{100} \times \frac{3}{12} = 90$$

$$\text{TOTAL} = \text{₹ } 720$$

37. Dr Income and Expenditure a/c Cr

EXPENDITURE	₹	₹	INCOME	₹
To Bats and Balls consumed:-			By Sale of old bats and balls	2,000
Opening stock of bats and balls	3,000			
Add:-Purchased during the year	17,000			
	20,000			
Less:- Closing stock of bats and balls	4,000	16,000		

Balance Sheet

Liabilities	₹	Assets	₹
		Closing stock of bats and balls	4,000

38.

Kamali's Salary a/c (10,000 × 12)	Dr	1,20,000	
To Kamali's Capital a/c			1,20,000
Lakshmi's Commission a/c	Dr	40,000	
To Lakshmi's Capital a/c			40,000
Profit and Loss Appropriation a/c	Dr	1,60,000	
To Kamali's Salary a/c			1,20,000
To Lakshmi's Commission a/c			40,000

39. Dr **TOTAL CREDITORS A/C** Cr

PARTICULARS	₹	PARTICULARS	₹
To Cash paid	4,50,000	By Balance b/d	1,70,000
To Purchase Returns	20,000	By Credit Purchases	4,90,000
To Balance c/d	1,90,000		
	6,60,000		6,60,000

40. **NON-PROFIT ORGANISATION**

- ❖ Some organisations are established for the purpose of rendering services to the public without any profit motive.
- ❖ They may be created for the promotion of art, culture, education, sports, etc.
- ❖ These organisations are called not-for-profit organisation.
- ❖ Example:-Charitable institutions, sports and recreation clubs, etc.,
- ❖ They are also called as non-profit organisations or non-trading concerns.

PART-III

(7 × 5 = 35)

41. (a)

IN THE BOOKS OF SUBHA
STATEMENT OF AFFAIRS AS ON 31/03/2019

PARTICULARS	₹	PARTICULARS	₹
Bank overdraft	50,000	Debtors	1,80,000
Creditors	90,000	Bills Receivable	70,000
Bills Payable	2,40,000	Computer	30,000
		Machinery	3,00,000
Capital (Balancing fig)	4,20,000	Stock-in trade	1,60,000
		Cash in hand	60,000
	8,00,000		8,00,000

STATEMENT OF PROFIT AND LOSS AS ON 31/3/2019

PARTICULARS	₹
Closing Capital (31.3.2019)	4,20,000
Add :- Drawings during the year	<u>30,000</u>
	4,50,000
Less :- Additional Capital	<u>40,000</u>
Adjusted Closing Capital	4,10,000
Less :- Opening Capital (1.4.2018)	<u>1,20,000</u>
Profit made during the year	<u>2,90,000</u>

41. (b) Steps in preparation of receipts and payments account

- (i) Record the opening balance of cash in hand and favourable bank balance on the debit side of receipts and payments account. If there is bank overdraft, it must be recorded on the credit side.
- (ii) Actual cash receipts during the year are recorded on the debit side and actual cash payments during the year are recorded on the credit side.
- (iii) While recording cash receipts and payments, no distinction needs to be made between revenue and capital items. Similarly, no distinction needs to be made whether the amount received or paid relates to the current period, previous period or future period.
- (iv) If the total of the debit side is more than the credit side, the balancing figure will appear on the credit side. It represents the closing balance of cash or bank.
- (v) If the total of the credit side is more than the debit side, the balancing figure will appear on the debit side. It represents bank overdraft.

42. (a) Dr TOTAL DEBTORS A/C Cr

PARTICULARS	₹	PARTICULARS	₹
To Balance b/d	1,30,000	By Cash Received	4,20,000
To (Credit) Purchases a/c	5,40,000	By Returns Inwards a/c	35,000
		By Bad Debt a/c	15,000
		By Balance c/d	20,000
	6,70,000		6,70,000

Total Sales = Cash Sales + Credit Sales

$$= 4,60,000 + 5,40,000 = ₹ 10,00,000$$

42. (b) Dr RECEIPTS AND PAYMENT A/C Cr

RECEIPTS	₹	PAYMENT	₹
To Balance b/d		By Rent a/c	6,000
Cash	18,000		
To Entrance Fee Received	18,500	By Scholarship a/c	15,200
To Subscription Received	2,65,000	By Building a/c	2,10,000
		By Staff Salary a/c	55,000
		By Balance c/d: –	
		Cash	15,300
	3,01,500		3,01,500

43. (a) BALANCE SHEET AS ON 31/03/2019

LIABILITIES	₹	₹	ASSETS	₹
Tournament fund	90,000		Tournament Fund Investment	90,000
(+) Interest received on Tournament Fund	9,000			
	99,000			
(+) Donation	10,000			
	1,09,000			
(-) Tournament Expenses	60,000	49,000		

43 (b) Differences between Fixed capital method and Fluctuating capital method

Basis of distinction	Fixed capital method	Fluctuating capital method
1. Number of accounts	Two accounts are maintained for each partner: ❖ capital account ❖ current account.	Only one account is maintained for each partner. ❖ capital account
2. Change in capital	The amount of capital normally remains unchanged	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.
4. Adjustments	All adjustments relating to ❖ interest on capital, ❖ interest on drawings, ❖ salary or commission, ❖ share of profit or loss are done in current account.	All adjustments relating to ❖ interest on capital, ❖ interest on drawings, ❖ salary or commission, ❖ share of profit or loss are done in the capital account.

44. (a) Calculation of Interest on Capital :-

$$\text{Interest on Capital} = \text{Amount of Capital} \times \text{Rate of Interest} \times \text{Period of Interest}$$

Prakash :-

$$\text{Interest on Capital} = 3,00,000 \times \frac{6}{100} \times \frac{12}{12} = ₹ 18,000$$

$$\text{Interest on Additional Capital} = 60,000 \times \frac{6}{100} \times \frac{9}{12} = ₹ 2,700$$

20,700

Supriya:-

$$\text{Interest on Capital} = 2,00,000 \times \frac{6}{100} \times \frac{12}{12} = ₹ 12,000$$

$$\text{Interest on Additional Capital} = 30,000 \times \frac{6}{100} \times \frac{6}{12} = ₹ 900$$

12,900

Journal Entries:-

Interest on Capital a/c	Dr	33,600	
To Prakash's Capital a/c			20,700
To Supriya's Capital a/c			12,900
Profit and Loss Appropriation a/c		33,600	
To Interest on Capital a/c			33,600

44. (b) Differences between Receipts & Payments a/c and Income & Expenditure a/c:-

Basis	Receipts and Payments Account	Income and Expenditure Account
1. Purpose	It is prepared to know the <ul style="list-style-type: none"> ❖ cash receipts and ❖ cash payments. 	It is prepared to know whether there is <ul style="list-style-type: none"> ❖ an excess of income (surplus) or ❖ an excess of expenditure (deficit) during the current period.
2. Nature of account	<ul style="list-style-type: none"> ❖ It is a real account. ❖ It is a summary of cash account. 	<ul style="list-style-type: none"> ❖ It is a nominal account. ❖ It is similar to profit and loss account.

3. Basis of accounting	<ul style="list-style-type: none"> ❖ It is based on cash system of accounting. ❖ Non-cash items are not recorded. 	<ul style="list-style-type: none"> ❖ It is based on accrual system of accounting. ❖ Non-cash items like depreciation, etc. are also recorded.
4. Opening and closing balance	<ul style="list-style-type: none"> ❖ It commences with an opening balance of cash and bank and ❖ ends with closing balance of cash and bank. 	<ul style="list-style-type: none"> ❖ There is no opening balance. ❖ It ends with surplus or deficit
5. Nature of items	It contains actual receipts and payments irrespective of revenue or capital items in nature.	It contains only revenue items, that is, only revenue expenses and revenue incomes.

**45. (a) Differences between Double entry system and Incomplete Records :-
(any 5)**

Basis of distinction	Double entry system	Incomplete records
1. Recording of transactions	Both debit and credit aspects of all the transactions are recorded.	Debit and credit aspects of all the transactions are not recorded completely.
2. Type of accounts maintained	Personal, real and nominal accounts are maintained fully.	Personal and cash accounts are maintained fully. Real and nominal accounts are not maintained fully.
3. Preparation of trial balance	Trial balance can be prepared.	It is difficult to prepare the trial balance as the accounts are incomplete.
4. Determination of true profit or loss	Trading and profit and loss account can be prepared to find out the true profit or loss.	Profit or loss found out may not be accurate.
5. Determination of financial position	Balance sheet can be prepared to know the true financial position.	True financial position cannot be ascertained, as the assets and liabilities are just estimates and incomplete.
6. Suitability	Suitable for all types of organisations.	Suitable for <ul style="list-style-type: none"> • small sized sole traders and • partnership firms.

7. Reliability	It is reliable since it is a scientific system of accounting.	It is not reliable since it is unscientific.
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45. (b) Annual Subscription:-

(A) Treatment in Income and Expenditure Account

1. 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 after making the adjustments given below:

- Subscription outstanding for the current year is to be added.
- Subscription received in advance in the previous year which is meant for the current year, is to be added.

2. When total subscription received during **the current year is given,**

❖ that total subscriptions received during the current year will be shown on the credit side of Income and Expenditure Account after making the following adjustments:

- Subscription outstanding in the previous year which is received in the current year will be subtracted.
- Subscription outstanding for the current year is added.
- Subscriptions received in advance in the previous year which is meant for the current year, is added and
- subscriptions received in advance in the current year which is meant for the subsequent year must be subtracted.

(B) 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.

46. (a) Calculation of Interest on Drawings:-

Interest on Drawings = Amount of Drawings × Rate of Interest × Rate of Drawings

Total Amount of Drawings = Amount of Drawing × 12

$$= 2,500 \times 12 = 30,000$$

i) At the beginning of every month:-

$$\begin{aligned} \text{Interest on Drawings} &= \text{Amount of Drawings} \times \text{Rate of Interest} \times \frac{6.5}{12} \\ &= 30,000 \times \frac{4}{100} \times \frac{6.5}{12} = \text{₹ } 650 \end{aligned}$$

ii) In the middle of every month:-

$$\begin{aligned} \text{Interest on Drawings} &= \text{Amount of Drawings} \times \text{Rate of Interest} \times \frac{6}{12} \\ &= 30,000 \times \frac{4}{100} \times \frac{6}{12} = \text{₹ } 600 \end{aligned}$$

iii) At the end every month:-

$$\begin{aligned} \text{Interest on Drawings} &= \text{Amount of Drawings} \times \text{Rate of Interest} \times \frac{5.5}{12} \\ &= 30,000 \times \frac{4}{100} \times \frac{5.5}{12} = \text{₹ } 550 \end{aligned}$$

46. (b) IN THE BOOKS OF VEDARANYAM SPORTS CLUB

Dr INCOME AND EXPENDITURE A/C FOR THE YEAR ENDED 31/03/2019 Cr

EXPENDITURE	₹	INCOME	₹
To Sports material Purchased	10,000	By Rent received	10,000
To Stationery paid	7,000	By Subscription Received	54,000
To Salaries	20,000		
To Surplus	27,000		
	64,000		64,000

47. (a) Calculation of Opening Capital:-

PARTICULARS	SUBHA ₹	SUDHA ₹
Capital on 31/12/2018	40,000	60,000
Add :-Drawings	8,000	10,000
	48,000	70,000
Less :- Profit already credited	12,000	18,000
Capital on 01/01/2018	36,000	52,000

Calculation of Interest on Capital:-

Interest on Capital = Amount of Capital × Rate of Interest × Period of Interest

$$\text{Subha's Interest on Capital} = 36,000 \times \frac{5}{100} \times \frac{12}{12} = \text{₹ } 1,800$$

$$\text{Sudha's Interest on Capital} = 52,000 \times \frac{5}{100} \times \frac{12}{12} = \text{₹ } 2,600$$

(Profit share :- Subha : $30,000 \times \frac{2}{5} = 12,000$; Sudha: $30,000 \times \frac{3}{5} = 18,000$)

47 (b) Differentiate between statement of affairs and balance sheet.

Basis of distinction	Statement of affairs	Balance sheet
1. Objective	Prepared to find out the capital of the business.	Prepared to ascertain the financial position of the business.
2. Accounting system	Prepared when double entry system is not strictly followed.	Prepared when accounts are maintained under double entry system.
3. Basis of preparation	It is not fully based on ledger balances.	It is prepared exclusively on the basis of ledger balances.
4. Reliability	It is not reliable as it is based on incomplete records.	It is reliable as it is prepared under double entry system.
5. Missing items	It is difficult to trace the items omitted as complete records are not maintained.	Since both the aspects of all transactions are duly recorded, items omitted can be traced easily.