Answer Key for Accountancy
Second Pre-Board Examination
Class -XII Commerce

Q. No.	Answers	Marks
	Part- A **(Accounting for Partnership Firms and Companies)**	
1	b) 11/28	**1**
2	d) Assertion (A) is not correct but Reason (R) is correct.	**1**
3	a) Purchase Consideration **OR** c) Goodwill Account	**1**
4	a) ₹10,00,000 **OR** c) Super profit divided by the normal rate of return	**1**
5	c) ₹ 48,000	**1**
6	b) Loss on issue will be debited by ₹ 35,000 **OR** c) ₹40,000	**1**
7	c) 48	**1**
8	c) ₹ 40,000 **OR** d) Interest on Partner's Capital.	**1**
9	c) ₹3,15,000 (5,00,000-5,000-1,80,000)	**1**
10	b) Charu ₹90,000 and Dushyant ₹90,000 Hint (Profit 3,15,000 + IOD 5,000 -IOC 1,40,000=1,80,000)	**1**
11	a) (i) b; (ii) a; (iii) d; (iv) c.	**1**
12	c) It can be used for writing off capital losses	**1**
13	c) ₹ 1,800	**1**
14	b) ₹ 27,500	**1**
15	b) ₹1,950 **OR** a) ₹ 50,000	**1**
16	d) ₹2,000	**1**

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Date	Particulars	L/f	₹	₹
1	A’s Capital A/c Dr. C’s Capital A/c Dr. To B’s Capital A/c		24,000 24,000	48,000
2	P & L Suspense A/c Dr. To B’s Capital A/c		16,000	16,000
3	B’s Capital A/c Dr. To B’s Executor A/c		4,64,000	4,64,000

Working note:

1) Goodwill of the firm = ₹80,000×1.5 year= 1,20,000

B’s share in Goodwill = ₹1,20,000 ×2/5 =48,000

2) Profit = growth 4% in current year

Profit = ₹ 5,00,000×24/100 ×2/5×4/12= 16,000

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Date	**Particulars**	**L/f**	**₹**	**₹**
2018 31 March i)	Interest on Capital A/c To E’s Current A/c To F’s Current A/c To G’s Current A/c (Int on capital credited to partner’s current A/c)		1,44,000	36,000 48,000 60,000
ii)	Profit & Loss A/c To Interest on Capital A/c (Int. on Capital Debited to P&L a/c)		1,44,000	1,44,000
iii)	E’s Current A/c F’s Current A/c G’s Current A/c To Profit & Loss A/c (Net loss transfer t current account)		10,200 10,200 13,600	34,000

OR

Journal Entry

Date	**Particulars**	**L/f**	**₹**	**₹**
2018 31 March i)	To Kumar’s Current A/c To Raja’s Current A/c		11,100	11,100

Table Showing Adjustment

Particulars	**A**	**B**	**Total**
Interest on Capital	81,000	36,000	1,71,000
Salary	50,000	36,000	86,000
Total Amount Paid (cr)	**1,31,000**	**72,000**	**2,03,000**
Division of firm’s loss 2,03,000 in the ratio 7:3	1,42,100	60,000	2,03,000
Net Effect	**11,100 (Dr.)**	**11,100 (Cr.)**	

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Date	Particulars	L/f	₹	₹
1	Plant & Machinery A/c Stock A/c Sundry Debtors A/c Goodwill A/c (B/F) To Sundry Creditors A/c To Tulsi Bros.		25,00,000 15,00,000 8,60,000 2,40,000	 3,00,000 48,00,000
2	Tulsi Bros. To Equity Share Capital A/c To Securities Premium Reserves A/c		48,00,000	 40,00,000 8,00,000

Working Note:

Number of Share = 4,00,000/24=2,00,000

OR

Date	Particulars	L/f	₹	₹
1	Machinery A/c To K Ltd.		2,03,000	 2,03,000
2	K Ltd. To Equity Share Capital A/c To Securities Premium Reserves A/c		65,000	 50,000 15,000
3	K Ltd. Discount on Issue of Debenture A/c To 8% Debenture A/c		90,000 10,000	 1,00,000
4	K Ltd. To Bills Payable A/c		48,000	 48,000

Working Note:

Purchase Consideration:

5000 Equity Share @ ₹13	₹65,000
1,000 Debentures@ ₹90	₹90,000
Promissory Note	₹48,000
	2,03,000

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Goodwill= Super Profit x 3 year's Purchase

1) Super Profit = 36,000/2= ₹ 12,000

2) Capital Employed = Assets – creditors = ₹2,00,000- ₹10,000= ₹ 1,90,000

3) Normal Profit = Capital Employed x NRR/100

₹1,90,000 x 15/100= ₹28,500

4) Average Profit = Super Profit + Normal Profit

= 12,000 + 28,500= ₹40,500

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Balance Sheet

Particulars	**Note No.**	**Current Year ₹**	**Previous Year ₹**
I Equity and Liabilities			
Shareholder's Fund; a) Share Capital	 1	 9,69,600	

Notes to Accounts:

1) Share Capital:	
Authorized Capital: 2,00,000 Equity Shares of Rs. 10 each	 20,00,000
Issued Capital	

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1,50,000 Equity Shares of Rs. 10 each		15,00,000
Subscribed and Fully paid Capital: 1,38,800 Equity Share of Rs 7 called up Less: Calls in Arrears Add: Share Forfeiture	 9,71,600 (8,000) 6,000	9,69,600

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Date	**Particulars**	**L/f**	**₹**	**₹**
2018 31 March i)	Bank A/c To Realization A/c (Amount received from Debtors)		1,63,000	 1,63,000
ii)	Realization A/c To Bank A/c (Payment made to creditors)		3,500	 3,500
iii)	Realization A/c To Bank A/c (Discounted bill Dishonoured)		2,000	 2,000
iv)	Realization A/c To Ravi's Capital A/c To Shankar's Capital A/c To Madhur's Capital A/c (Profit on Realization transferred to partner's capital A/c)		6,000	 4,200 1,200 600

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Date	**Particulars**	**L/f**	**₹**	**₹**
1	Bank A/c To Share Application A/c		36,00,000	 36,00,000
2	Share Application A/c To Share Capital A/c To Share Allotment A/c		36,00,000	 24,00,000 12,00,000
3	Share Allotment A/c To Share Capital A/c To Securities Premium Reserves A/c		24,00,000	 16,00,000 8,00,000
4	Bank A/c Calls in Arrear A/c To Share Allotment A/c		11,76,000 24,000	 12,00,000
5	Share First Call A/c To Share Capital A/c		24,00,000	 24,00,000
6	Bank A/c Calls in Arrear A/c To Share First Call A/c		22,32,000 1,68,000	 24,00,000
7	Share Capital A/c Securities Premium Reserves A/c To Calls in Arrear A/c To Share Forfeiture A/c		4,48,000 16,000	 1,92,000 2,72,000
8	Bank A/c To Share Capital A/c To Securities Premium Reserves A/c		1,90,000	 1,60,000 30,000
9	Share Forfeiture A/c To Capital Reserves A/c		92,000	 92,000

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OR

A)

Date	**Particulars**	**L/f**	**₹**	**₹**
1	Share Capital A/c To Share Call A/c To Share Forfeiture A/c		2,100	 600 1,500

2	Bank A/c Share Forfeiture A/c To Share Capital A/c		600 100	 700
3	Share Forfeiture A/c To Capital Reserves A/c		400	 400

B)

Date	Particulars	L/f	₹	₹
1	Share Capital A/c To Share First Call A/c To Share Forfeiture A/c		37,500	 10,000 27,500
2	Bank A/c Share Forfeiture A/c To Share Capital A/c		12,000 3,000	 15,000
3	Share Forfeiture A/c To Capital Reserves A/c		8,000	 8,000

C)

Date	Particulars	L/f	₹	₹
1	Share Capital A/c Securities Premium Reserves A/c To Share Allotment A/c To Share First Call A/c To Share Forfeiture A/c		22,500 3,000	 9,000 6,000 10,500
2	Bank A/c Share Forfeiture A/c To Share Capital A/c		9,600 400	 10,000
3	Share Forfeiture A/c To Capital Reserves A/c		3,100	 3,100

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Revaluation A/c

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Particulars	₹	Particulars	₹
To Bad Debts	1,000	By Loss on revaluation transfer to :	
		A's Capital	750
		B's Capital	250
	1,000		**1,000**

Partner's Capital A/c

Particulars	A	B	C	Particulars	A	B	C
To Goodwill	30,000	10,000		By Balance b/d	54,000	35,000	
To Revaluation (Loss)	750	250		By Workmen Compensation Reserve	3,000	1,000	
To Balance c/d	39,450	30,150		By Investment Fluctuation Reserve	1,200	400	
				By Premium for Goodwill	12000	4000	
				By Bank			23,200
	70,200	**40,400**	**23,200**		**70,200**	**40,400**	**23,200**

Working Note:

Calculation of C capital

C is given 1/4th share

Remaining 3/4th share is shared by A and B

The capital of A and B after all adjustments is ₹39,450 + ₹30,150=₹69,600

Then, Total capital of the firm= 69,600 x 4/3= ₹92,800

C's capital for 1/4th share= 92,800 x ¼ = ₹23,200

OR

Revaluation A/c

Particulars	**₹**	**Particulars**	**₹**
To Sundry Creditors	1,000	By Stock A/c	1,000
To Gain on Revaluation transfer to:		By Building A/c	7,000
Prem's Capital 1,000		By Investment (Profit on sale)	1,000
Kumar's Capital 600			
Aarti's Capital 400	2,000		
	9,000		**9,000**

Partner's Capital A/c

Particulars	**Prem**	**Kumar**	**Aarti**	**Particulars**	**Prem**	**Kumar**	**Aarti**
To Kumar's Capital	8,000		4,000	By Balance b/d	30,000	20,000	20,000
To Cash	-	30,000	-	By General Reserve	4,000	2,400	1,600
To Bills Payable		5,600		By Investment Fluctuation Reserve	1,000	600	400
				By Revaluation	1,000	600	400
To Balance c/d	48,000	-	28,400	By Prem's Capital A/c	-	8,000	-
				By Aarti's Capital	-	4,000	-
				By Cash	20,000	-	10,000
	56,000	**35,600**	**32,400**		**56,000**	**35,600**	**32,400**

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Revaluation A/c

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Particulars	₹	Particulars	₹
To Patents A/c	3,000	By Buildings A/c	5,000
To Machinery A/c	2,000		
	5,000		**5,000**

A’ s Capital A/c

Particulars	₹	Particulars	₹
To Advertisement Suspense A/c	5,000	By Balance b/d	30,000
To A’s Executor A/c	51,500	By Reserves	2,500
		By B’s Capital A/c (goodwill)	11,250
		By C’s Capital A/c (goodwill)	7,500
		By B’s Capital A/c (Profit)	2,250
		By C’s Capital A/c (Profit)	1,500
		By Interest on Capital (for 6 Months)	1,500
	56,500		**56,500**

A’s Executor A/c

Particulars	₹	Particulars	₹
To Bank A/c	25,750	By A’s Capital A/c	51,500
To A’s Executor’s Loan A/c	25,750		
	51,500		**51,500**

Working Note:

1) Gaining Ratio= New Ratio- Old Ratio

B’s Gain= 7/12- 4/12= 3/12

A’s Gain = 5/12-3/12= 2/12

Thus Gaining Ratio is 3:2

2) Valuation of Goodwill:

i) Average Profit = 19,000+15,000+20,000+18,000=₹72,000/4
=₹18,000

ii) Goodwill = Average Profit x Year’s Purchase
= 18,000x5/12=₹45,000

iii) A’s share in Goodwill= 45,000x5/12=₹18,750

3) Share of profit to A= 18,000 x 6/12 x 5/12= ₹3,750

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Date	Particulars	L/f	₹	₹
April 1	Bank A/c To 9% Debenture Application & Allotment A/c		26,00,000	26,00,000
April 1	9% Debenture Application & Allotment A/c To 9% Debenture To Securities Premium Reserve A/c		26,00,000	 25,00,000 1,00,000
April 1	Fixed Assets A/c To Current Liabilities A/c To Y Ltd.		10,00,000	 70,000 9,30,000
April 1	Y Ltd To Bank A/c		4,00,000	 4,00,000

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April 1	Y Ltd To 9% Debenture A/c To Securities Premium Reserves A/c		5,30,000	 5,00,000 30,000
April 1	Bank A/c To Bank Loan A/c		6,00,000	 6,00,000
April 1	9% Debenture Suspense A/c To 9% Debenture A/c		6,00,000	 6,00,000

Balance Sheet

Particulars	Note No.	Current Year	Previous Year
I Equity and Liabilities:			
Shareholder's Funds: a) Reserve and Surplus	1	1,30,000	
Non-Current Liabilities: Long term Borrowings	2	36,00,000	
Current Liabilities		70,000	
II Assets			
Non-Current Assets: Fixed Assets	3	10,00,000	

Notes to Accounts:	
1) Reserve and Surplus: Securities Premium Reserve	1,30,000
2) Long Term Borrowings: 9% Debentures Less: Debenture Suspense Account	 36,00,000 6,00,000
	30,00,000
Bank Loan	6,00,000
	36,00,000

Part- B
Analysis of Financial Statements
(Option-I)

27	c) Both (i) and (iii) **OR** c) Issue of Debenture for cash.	**1**
28	c) ₹4,50,000	**1**
29	c) Cash used in investing activities ₹3,60,000. **OR** a) Cash used in investing activities ₹8,000	**1**
30	c) Cash flow from Financing Activities.	**1**
31		**3**

S. No.	Items	Heading	Sud-Heading
i)	Calls in advance	Current Liabilities	Other Current Liabilities
ii)	Loose tools	Current Assets	Inventories

iii)	Patent and Trade Mark	Non-Current Assets	Fixed Assets-Intangible
iv)	Long term Loans	Non-Current Liabilities	Long term borrowings
v)	Provision for tax	Current Liabilities	Short term Provision
vi)	Shares in D.C.M. Ltd.	Non-Current Assets	Non-Current Investment

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Solvency of business refers to the ability of the business to pay its long-term liabilities.

Name of Solvency ratios are:

1. Debt-Equity Ratio
2. Total assets to debt ratio
3. Proprietary ratio

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1) ROI=$\frac{\boldsymbol{Net\ Profit\ before\ Interest\ and\ Tax}}{\boldsymbol{Capital\ Eployed}} * \mathbf{100}$

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Net Profit before interest and tax= ₹ 60,000profit+ 24,000 interest
= ₹84,000

Capital Employed = Share Capital+ Reserves & Surplus
+ 12%Long term Borrowings
=₹50,000+₹25,000+₹2,00,000= ₹2,75,000

ROI =$\frac{\mathbf{84,000}}{\mathbf{2,75,000}} * \mathbf{100}$**= 30.55%**

2) Proprietary Ratio = $\frac{\boldsymbol{Share\ Holder's\ Fund}}{\boldsymbol{Total\ Assets}} * \mathbf{100}$

Share Holder’s Fund = Share Capital + Reserves and Surplus
=₹50,000+ ₹25,000= ₹75,000

Total Assets = Net Fixed Assets+ Non-Current Trade Investment
+ Current Assets
= ₹2,25,000+₹25,000+₹1,10,000= ₹3,60,000

Proprietary Ratio = $\frac{\mathbf{75,000}}{\mathbf{3,60,000}} * \mathbf{100}$ **= 20.83%**

OR

1) Debt Equity Ratio =$\frac{\boldsymbol{Debt}}{\boldsymbol{Equity}}$

Debt= 6% Debenture +9% Loan
= ₹3,00,000+ ₹1,00,000= ₹4,00,000

Equity= Paid Up Share Capital+ Debenture Redemption Reserves
=₹6,00,000+ ₹2,00,000= ₹8,00,000

Debt Equity Ratio =$\frac{\mathbf{4,00,000}}{\mathbf{8,00,000}}$**= 0.5:1**

2) Working Capital Turnover Ratio =$\frac{\boldsymbol{Net\ Revenue\ from\ Operations}}{\boldsymbol{Working\ Capital}}$

Working Capital = Other Current Assets + Closing Inventories
– Current Liabilities
=₹11,00,000+ ₹1,00,000 – ₹4,00,000= ₹8,00,000

Working Capital Turnover Ratio =$\frac{60,00,000}{8,00,000}$= 7.5 times

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Particulars	**₹**	**₹**
Net Profit before Tax:		(1,65,000)
Adjustments for non-cash and non-operating item:		
Add: Depreciation (1,20,000-80,000)	40,000	
Goodwill Written ff (20,000-15,000)	5,000	45,000
Operating Profit before working capital changes		**(1,20,000)**
Add: Decrease in Current Assets Prepaid Salaries	3,000	
Add: Increase in Current Liabilities: Trade Payables Outstanding Expenses	16,000 8,000	
Less: Increase in Current Assets: Trade Receivables	(30,000)	(3,000)
Net Cash from Operating Activities		**(1,23,000)**

Working Note:

Profit for current year	₹3,00,000
Profit for Previous year	₹5,00,000
Loss during year	₹(2,00,000)
Add: Debenture Sinking Fund	₹25,000
Development Rebate Reserve	₹10,000
Net Profit before Tax	**₹ (1,65,000)**

Part- B
Computerized Accounting
(Option-II)

27 c) ACC, ECO, ENG, MAL **1**

Or

c) Data Bank

28 d) Management Information System **1**

29 a) Hierarchical relationship between groups and components **1**

Or

b) Application Software

30 a) Cash and Bank sub system – Deals with receipts and payments of cash **1**

31 **3**

Data	**Information**
1. It is used as input	1. It is the output of processed data
2. Data is the raw material	2. Information is the product
3. It doesn't carry a meaning	3. It must carry a logical meaning
4. It is an independent value	4. Information depends on data

32	Features of computerised accounting system: 1. Simple and Integrated: Computerised accounting system is designed to integrate all the business operations such as sales, finance, purchase, etc. 2. Accuracy and speed: Computrised Accounting system provides data entry forms for fast and accurate data entry of the transactions. 3. Scalability: The system can cope easily with the increase in the volume of business transactions. The software can be used for any size and type of the organization.	**3**
33	Security Features of Computerised Accounting Software: Every accounting software ensures data security, safety, and confidentiality by providing the features like Password Security, Data Audit and Data Vault. 1. Password Security: Password is the key to allow the access to the system. Computerised accounting system protects the unauthorised persons from accessing to the business data. Only authorised person, who is supplied with the password, can enter to the system. 2. Data Audit: It enables one to know as to who and what changes have been made in the original data there by helping and fixing the responsibility of the person who has manipulated the data and ensures data integrity. 3. Data Vault: Software provides additional security through data encryption. Encryption means scrambling the data so as to make its interpretation impossible. **OR** GNUKhata, Tally, Dac Easy, Tata Ex, Peach Tree	**4**
34	The factors to be considered while source accounting software is. • Flexibility • Adaptability • The cost of installation and maintenance • Organisation size • Secrecy level	**6**