

**Unit 1 to 3 Three Marks Questions with Answer**

12th Standard

**Accountancy**

- 1) From the following details, calculate the missing figure:

	<b>Rs</b>
Capital as on 1st April, 2017	2,50,000
Capital as on 31st March, 2018	2,75,000
Additional capital introduced during the year	30,000
Profit for the year	15,000
Drawings during the year	?

Statement of profit or loss for the year ended 31st March, 2018

<b>Particulars</b>	<b>Rs</b>
Closing capital (as on 31.3.2018)	2,75,000
Add: Drawings during the year (balancing figure)	20,000
	2,95,000
Less: Additional capital introduced during the year	30,000
Adjusted closing capital	2,65,000
Less: Opening capital (as on 1.4.2017)	2,50,000
Profit made during the year	15,000

- 2) David does not keep proper books of accounts. Following details are given from his records

<b>Particulars</b>	<b>1.4.2018</b>	<b>31.3.2019</b>
	<b>Rs</b>	<b>Rs</b>
Cash	43,000	29,000
Stock of goods	1,20,000	1,30,000
Sundry debtors	84,000	1,10,000
Sundry creditors	1,05,000	1,02,000
Loan	25,000	20,000
Business premises	2,50,000	2,50,000
Furniture	33,000	45,000

During the year he introduced further capital of Rs. 45,000 and withdrew Rs. 2,500 per month from the business for his personal use. Prepare statement of profit or loss with the above information.

**In the books of David****Calculation of opening capital****Statement of affairs as on 1st April, 2018**

Liabilities	Rs	Assets	Rs
Sundry creditors	1,05,000	Cash	43,000
Loan	25,000	Stock of goods	1,20,000
Capital (balancing figure)	4,00,000	Sundry debtors	84,000
		Business premises	2,50,000
		Furniture	33,000
	5,30,000		5,30,000

3) From the following details, calculate the capital as on 31st December 2018

Particulars	Rs.
Capital as on 1st January, 2018	1,00,000
Goods withdrawn for personal use by the owner	30,000
Additional capital introduced during the year	15,000
Profit for the year	60,000

Statement of profit or loss for the year ending 31st March 2018

Particulars	Rs.
Closing capital	1,45,000
Add : Drawings	30,000
	1,75,000
Less: Additional capital during the year	15,000
Adjusted closing capital	1,60,000
Less: Opening capital as on 1st January 2018	1,00,000
Profit for the year	60,000

4) From the following details, calculate the missing figure:

Particulars	Rs.
Capital as on 1st April, 2018	40,000
Capital as on 31st March, 2019	50,000
Additional capital introduced during the year	7,000
Profit for the year	8,000
Drawings during the year	?

Statement of profit or loss for the year ending 31st March 2019

Particulars	Rs.
Closing capital as on 31st March 2019	50,000
Add : Drawing during the year	5,000
	55,000
	7,000
Less: Additional capital introduced during the year	48,000
	40,000
Adjusted closing capital	
Less: Opening capital as on 1st January 2018	
Profit for the year	8,000

- 5) Raju does not keep proper books of accounts. Following details are taken from his records.

Particulars	1.1.2018	31.12.2018
	Rs.	Rs.
Cash at bank	80,000	90,000
Stock of goods	1,80,000	1,40,000
Debtors	90,000	2,00,000
Sundry creditors	1,30,000	1,95,000
Bank Loan	60,000	60,000
Bills payable	80,000	45,000
Plant and machinery	1,70,000	1,70,000

During the year he introduced further capital of ₹ 50,000 and withdrew Rs.2,500 per month from the business for his personal use. Prepare statement of profit or loss with the above information

In the book of Raju

Calculation of opening capital:

Statement of affairs as on 1.1.2018

Liabilities	Rs.	Assets	Rs.
Sundry creditors	1,30,000	Cash at bank	80,000
Bank loan	60,000	Stock of goods	1,80,000
Bills payable	80,000	Debtors	90,000
Capital (Balancing figure)	2,50,000	plant and machinery	1,70,000
	5,20,000		5,20,000

Calculation of closing capital:

Statement of affairs as on 31.12.2018

Liabilities	Rs.	Assets	Rs.
Sundry creditors	1,95,000	Cash at bank	90,000
Bank loan	60,000	Stock of goods	1,40,000
Bills payable	45,000	Debtors	2,00,000
Capital (Balancing figure)	3,00,000	Plant and machinery	1,70,000
	6,00,000		6,00,000

Statement of profit or loss for the year ending 31st December 2018

Particulars	Rs.
Closing capital as on 31.12.2018	3,00,000
Add: Drawings during the year (2500 x 12)	30,000
	3,30,000
Less: Additional capital introduced during the year	50,000
Adjusted closing capital	2,80,000
Less: Opening capital as on 01.01.2018	2,50,000
Profit made during the year	30,000

- 6) Radhika started a small bakery for providing healthy and good quality bakery product at reasonable prices on 1st January, 2019 with a capital of Rs.1,80,000. She appointed a ten year old boy as a sweeper. She withdrew Rs.60,000 for household expenses. She introduced Rs.20,000 as fresh capital. Her position of assets and liabilities as at 31st December, 2019 stood as follows.

	Rs.
Cash in hand	70,000
Stock	80,000
Bills receivable	1,00,000
Debtors	1,50,000
Creditors	60,000
Bills payable	10,000

Statement of affairs as on 31.12.2019

Liabilities	Rs.	Assets	Rs
Creditors	60,000	Cash in hand	70,000
Bills payables	10,000	Stock	80,000
Capital	3,30,000	Bills receivables	1,00,000
(Balancing figure)		Debtors	1,50,000
	4,00,000		4,00,000

Calculation of Profit

Particulars	Rs.
Capital at the end	3,30,000
Add: Drawings	60,000
	3,90,000
Less: Additional capital	20,000
	3,70,000
Less: Opening capital	1,80,000
Profit for the year	1,90,000

Values involved are

- Violating child labour act by employing 10 year old boy.
  - By providing good quality product she is promoting the welfare and health of society
  - By charging reasonable prices she is not indulged in profiteering.
- 7) Which values are affected, when accounts are maintained on single entry system basis.
- Values being affected are
- Reliability: Value of reliability is affected as accounts maintained on single entry system are less reliable as they are prepared from incomplete records.
  - Accuracy: Value of arithmetical accuracy is affected, as in single entry system, trial balance cannot be prepared which proves arithmetical accuracy of accounts.
- 8) From the following particulars of Trichy Educational Society, prepare Receipts and Payments account for the year ended 31st December, 2018

Particulars	Rs.	Particulars	Rs.
Opening cash balance as on 1.1.2018	20,000	Locker rent received	12,000
Investments made	80,000	Sale of furniture	5,000
Honorarium paid	3,000	General expenses	7,000
Donation received	80,000	Postage	1,000
Audit fees paid	2,000	Subscription received	10,000

Dr. Receipts and Payments Account for the year ended 31st December, 2018 Cr.

Receipts	Rs.	Payments	Rs.
To Balance b/d		By Investments made	80,000
Cash in hand	20,000	By Honorarium paid	3,000
To Donation received	80,000	By Audit fees	2,000
To Locker rent received	12,000	By General expenses	7,000
To Sale of furniture	5,000	By Postage	1,000
To Subscription	10,000	By Balance c/d	
		Cash in hand	34,000
	1,27,000		1,27,000

- 9) How will the following items appear in the final accounts of a club for the year ending 31st March 2017? A club received subscription of Rs. 25,000 during the year 2016-17. This includes subscription of Rs. 2,000 for 2015-16 and Rs. 1,500 for the year 2017-18. Subscription of Rs.500 is still outstanding for the year 2016-17.

Dr. Income and Expenditure Account for the year ended 31st March, 2017 Cr

Expenditure	Rs.	Income	Rs.	Rs.
		By Subscription	25,000	
		Less: Subscription for the year 2015-16	2,000	
			23,000	
		Less: Subscription for the year 2017-18	1,500	
			21,500	
		Add: Outstanding subscription for the year 2016-17	500	22,000

Balance sheet as on 31st March, 2017

Liabilities	Rs.	Assets	Rs.
Subscription received in advance for the year 2017-18	1,500	Outstanding subscription for the year 2016-2017	500

- 10) From the following details calculate the printing and stationery to be debited to Income and Expenditure Account for the year ending 31st March, 2018 and also show how it will appear in the Balance Sheet as on 31st March, 2018.

Amount paid for stationery during 2017- 2018	Rs.1,500
Stock of stationery on 1st April, 2017	Rs.300

Stock of stationery on 31st March, 2018 | Rs.200

Dr. Income and Expenditure Account for the year ended  
31st March, 2018 Cr.

<b>Expenditure</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Income</b>	<b>Rs.</b>	<b>Rs.</b>
To Stationery consumed					
Opening stock	300				
Add: Purchases	1,500				
	1,800				
Less: Closing stock	200	1,600			

Balance sheet as on 31st March, 2018

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
		Stock of stationery	200

11) State the differences between Receipts and Payments Account and Income and Expenditure Account

<b>S.NO.</b>	<b>Basis</b>	<b>Receipts and Payments Account</b>	<b>Income and Expenditure Account</b>
1.	Nature of account	It is a real account. Cash receipts are recorded on the debit side and cash payments are recorded on the credit side.	It is a nominal account. Expenses are recorded on the debit side and incomes are recorded on the credit side.
2.	Basis of accounting	It is based on cash system of accounting. Non-cash items are not recorded	It is based on accrual system of accounting. Non-cash items like outstanding expenses, depreciation etc. are also recorded
3.	Opening and closing balance	It commences with an opening balance of cash and bank and ends with closing balance of cash and bank.	There is no opening balance. It ends with surplus or deficit.
4.	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.
5.	Period	All cash receipts and payments made during the year pertaining to the past period, current period and subsequent period are recorded	It contains only the items relating to the current period

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

(a) 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 after making the adjustments given below:**

(1) Subscription outstanding for the current year is to be added.

(ii) Subscription received in advance in the previous year which is meant for the current year, is to be added. 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: (i) Subscription outstanding in the previous year which is received in the current year will be subtracted. Subscription outstanding for the current year is added.

(ii) 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**

(i) Subscriptions outstanding for the current year and still outstanding for the previous year will be shown on the assets side of the balance sheet.

(ii) Subscriptions received in advance in the current year will be shown on the liabilities side of the balance sheet.

13) Yuvan foundation is formed to educate and to provide jobs to unemployed women. Identify the values involved.

The value involved are Respect for women and women empowerment.

14) Youth of India sports club decided to donate ~ 50,000 and spread awareness among the people of nearby societies about cleanliness in the country under the programme "Bharat Abhiyan". Identify the values highlighted.

The values highlighted are

(i) Social responsibility towards society.

(ii) Sensitivity towards cleaner environment

15) From the following balance sheets of Subha and Sudha who share profits and losses equally, calculate interest on capital at 6% p.a. for the year ending 31st December 2017.

**Balance sheet as on 31st December 2017**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capital accounts:		Fixed assets	30,000
Subha	15,000	Current assets	20,000
Sudha	20,000		
	15,000		
	50,000		50,000

Drawings of Subha and Sudha during the year were Rs.2,500 and Rs.3,500 respectively. Profit earned during the year was Rs.15,000.

<b>Particulars</b>	<b>Subha Rs.</b>	<b>Sudha Rs.</b>
Capital on 31 <sup>st</sup> December 2017	15,000	20,000
Add: Drawings	2,500	3,500
	17,500	23,500

Particulars	Subha Rs.	Sudha Rs.
Less: Profit already credited	7,500	7,500
Capital on 1 <sup>st</sup> January 2017	10,000	16,000

**Calculation of interest on capital:****Subha:**

On opening capital =  $10,00 \times \frac{6}{100} = \text{Rs.}600$

**Sudha:**

On opening capital =  $16,000 \times \frac{6}{100} = \text{Rs.}960$

- 16) A and B contribute Rs.4,00,000 and Rs.2,00,000 respectively as capital. Their respective share of profit is 3:2 and the profit before interest on capital for the year is Rs.27,000. Compute the amount of interest on capital in each of the following situations:
- if the partnership deed is silent as to the interest on capital
  - if interest on capital @ 3% is allowed as per the partnership deed
  - if the partnership deed allows interest on capital @ 5% p.a.
- (i) Interest on capital will not be allowed as the partnership deed is silent as to the interest on capital.
- (ii) Profit before interest on capital is Rs.27,000.

**Computation of interest on capital:**

A:  $4,00,000 \times \frac{3}{100} = \text{Rs}12,000$

B:  $2,00,000 \times \frac{3}{100} = \text{Rs.}6,000$

Since there is sufficient profit, interest on capital will be provided.

(iii) Profit before interest on capital is Rs. 27,000.

**Computation of interest on capital:**

A:  $4,00,000 \times \frac{5}{100} = \text{Rs.}20,000$

B:  $2,00,000 \times \frac{5}{100} = \text{Rs.}10,000$

Since the profit is insufficient, interest on capital will not be provided. Profit of Rs.27,000 will be distributed to the partners in their capital ratio of 2:1.

- 17) Anbu is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 12% p.a. During the year ended 31st December 2018 he drew as follows:

Date	Rs
March 1	6,000
June 1	4,000
September 1	5,000
December 1	2,000

Calculate the amount of interest on drawings by using product method.

Calculation of interest on drawings under product method.

Date of drawings	Amount withdrawn Rs.	Period up to December 31 (months)	Product Rs.
March 1	6,000	10	60,000

Date of drawings	Amount withdrawn Rs.	Period up to December 31 (months)	Product Rs.
June 1	4,000	7	28,000
September 1	5,000	4	20,000
December 1	2,000	1	2,000
			1,10,000

$$\text{Interest on drawings} = \text{Sum of product} \times \text{Rate of interest} \times \frac{1}{12}$$

$$= 1,10,000 \times \frac{12}{100} \times \frac{1}{12} = \text{Rs. } 1,100$$

18) State any six contents of a partnership deed.

- (1) Name of the firm and nature and place of business.
- (2) Date of commencement and duration of business
- (3) Names and addresses of all partners
- (4) Capital contributed by each partner
- (5) Profit sharing ratio
- (6) Rate of interest to be allowed on capital

19) State the differences between fixed capital method and fluctuating capital method.

Basis of destination	Fixed capital method	Fluctuating capitals method
1. Number of accounts	Two accounts are maintained for each partner, that is, capital account and current account.	Only one account, that is, capital account is maintained for each partner.
2. Change in capital	The amount of capital normally remains unchanged except when additional capital is introduced or capital is withdrawn permanently	The amount of capital changes from period to period.
3. Closing balance	Capital account always shows a credit balance	Capital account generally shows credit balance. It may also show a debit 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

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

If there is no partnership deed- or when there is no express statement in the partnership deed, then the following provisions of the act will apply

(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 by the partners equally [section 13(b)]

(iii) Interest on capital:

No interest is allowed on the capital, where a partner is entitled to interest on capital

contributed as per partnership deed, such interest on capital will be payable only out of profits. [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 per cent annum. [section 13(d)]

(v) Interest on drawings:

No interest is charged on the drawings of the partners.

- 21) From the following balance sheets of Rajan and Devan who share profits and losses 2:1, calculate interest on capital at 6% p.a. for the year ending 31st December, 2018.

**Balance sheet as on 31st December, 2018**

Liabilities	Rs.	Rs.	Assets	Rs.
Capital accounts:			Sundry assets	2,20,000
Rajan	1,00,000			
Devan	80,000	1,80,000		
Profit and loss appropriation A/c		40,000		
		2,20,000		2,20,000

On 1st April, 2018, Rajan introduced an additional capital of Rs.40,000 and on 1st September, 2018, Devan introduced Rs.30,000. Drawings of Rajan and Devan during the year were Rs.20,000 and Rs.10,000 respectively. Profit earned during the year was Rs.70,000.

Particulars	Rajan		Devan	
	Rs.	Rs.	Rs.	Rs.
Capital on 31 <sup>st</sup> December 2018		1,00,000		80,000
Add: Drawings		20,000		10,000
		1,20,000		90,000
Less: Additional capital	40,000		30,000	
Profit already credited*	20,000	60,000	10,000	40,000
[ Rajan (30,000 x 2/3) = 20,000 Devan (30,000 x 1/3) = 10,000]				
Capital as on 1 <sup>st</sup> January 2018		60,000		50,000

(\*Profit earned = Profit earned 70,000 - Balance profit as per balance sheet Rs.40,000 = Rs. 30,000.

This amount is distributes in their profit sharing ration of 2 : 1.)

Calculation of interest on capital

Rajan:

On opening capital for 1 year =  $60,000 \times \frac{6}{100}$  = Rs.3600

On additional capital for 9 months =  $40,000 \times \frac{6}{100} \times \frac{9}{12}$  = Rs. 1,8000

(April to December)

Total Interest on capital = Rs. 5,400

Devan:

$$\text{On opening capital for 1 year} = 50,000 \times \frac{6}{100} \times \frac{4}{12} = \text{Rs. } 600$$

(September to December)

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Total Interest on capital = Rs. 3,600

22) Kavitha is a partner in a firm. She withdraws Rs.2,500 p.m. regularly. Interest on drawings is charged @ 4% p.a. Calculate the interest on drawings using average period, if she draws

(i) at the beginning of every month

(ii) in the middle of every month

(iii) at the end of every month

$$\text{Total amount withdrawn} = 2,500 \times 12 = \text{Rs. } 30,000$$

(i) If drawings are made at the beginning of every month:

$$\text{Average period} = 6.5$$

$$\text{Interest on drawings} = \text{Total amount of drawings} \times \text{Rate of interest} \times \frac{\text{Average Period}}{12}$$

$$= \text{Rs. } 30,000 \times \frac{4}{100} \times \frac{6.5}{12}$$

$$= \text{Rs. } 650$$

(ii) If drawing are made in the middle of every month:

$$\text{Average period} = 6$$

$$\text{Interest on drawings} = \text{Total amount of drawings} \times \text{Rate of interest} \times \frac{\text{Average Period}}{12}$$

$$= \text{Rs. } 30,000 \times \frac{4}{100} \times \frac{6}{12} = \text{Rs. } 600$$

(iii) If drawings are made at the end of every month:

$$\text{Average period} = 5.5$$

$$\text{Interest on drawings} = \text{Total amount of drawings} \times \text{Rate of Interest} \times \frac{\text{Average Period}}{12}$$

$$= \text{Rs. } 30,000 \times \frac{4}{100} \times \frac{5.5}{12} = \text{Rs. } 550$$

23) Explain the procedure for preparation of final accounts of a partnership firm.

(i) In sole proprietorship, the profit or loss in the profit and loss account is transferred directly to the sole proprietor's capital account. In partnership, profit and loss appropriation account is prepared to which net profit or loss from profit and to which net profit or loss from profit and loss account is transferred.

(ii) In the profit and loss appropriation account, adjustments for interest on capital, interest on drawings, salary and other remuneration due to the partners are shown. Finally, the balance in the appropriation account is transferred to the partner's capital account in the profit sharing ratio.

(iii) Capital account balance of the sole proprietor alone is shown in the balance sheet of sole proprietorship. The balance sheet of a partnership concern shows the balances in the individual capital accounts (an current accounts) of the partners.

24) What is Fluctuating capital method?

(i) Under this method, only one capital account is maintained for each partner.

- (ii) The capital is changing from period to period.  
 (iii) This capital account shows always a credit balance  
 (iv) All adjustment relating to partners are recorded directly in the capital account.
- 25) The firm of A and B earned a profit of Rs.2,75,000 during the year ending on 31st March, 2015. They have decided to donate 10% of this profit to an NGO working for senior citizens. Pass necessary journal entry for the distribution of profits. Identify the values shown by the firm in donating a part of profit of NGO.

Journal entry

Date	Particulars	L.f	Debit Rs.	Credit Rs.
	Profit and loss appropriation A/c Dr		2,47,500	
	To A's capital A/c			1,23,750
	To A's capital A/c (Being profit transferred to capital account)			1,23,750

Values shown by the firm are

i. Responsibility :

Firm has shown responsibility towards senior citizens by giving them their dues.

ii. Compassion:

Partners have shown compassion towards senior citizens by fulfilling their duties towards senior citizens .