

- 8) The average rate of return of similar concerns is considered as
 (a) Average profit (b) Normal rate of return (c) Expected rate of return (d) None of these
- 9) Identify the incorrect pair
 (a) Goodwill under Average profit method - Average profit \times Number of years of purchase
 (b) Goodwill under Super profit method - Super profit \times Number of years of purchase
 (c) Goodwill under Annuity method - Average profit \times Present value annuity factor
 (d) Goodwill under Weighted average - Weighted average profit \times Number of years of profit method purchase
- 10) Anbu and Raju are partners, sharing profits in the ratio of 3:2. Akshai is admitted as a partner. The new profit sharing ratio among Anbu, Raju and Akshai is 5:3:2. Find out the sacrificing Ratio.
 (a) 1:3 (b) 1:1 (c) 2:1 (d) 1:2
- 11) Which of the following statements is not true in relation to admission of a partner
 (a) Generally mutual rights of the partners change
 (b) The profits and losses of the previous years are distributed to the old partners
 (c) The firm is reconstituted under a new agreement
 (d) The existing agreement does not come to an end
- 12) At the time of retirement of a partner, determination of gaining ratio is required
 (a) To transfer revaluation profit or loss (b) To distribute accumulated profits and losses
 (c) To adjust goodwill (d) None of these
- 13) Kiran, Vinoth and Vimal are partners sharing profits in the ratio of 5:3:2. Kiran retires and the new profit sharing ratio between Vinoth and Vimal is 2:1. Calculate the gaining Ratio
 (a) 11:3 (b) 11:4 (c) 2:11 (d) 11:2
- 14) A preference share is one
 (i) which carries preferential right with respect to payment of dividend at fixed rate
 (ii) which carries preferential right with respect to repayment of capital on winding up
 (a) Only (i) is correct (b) Only (ii) is correct
 (c) Both (i) and (ii) are correct (d) Both (i) and (ii) are incorrect
- 15) When applications are allotted in proportion of shares applied for it is called _____
 a) Application money b) pro-rata allotment. C) allotment Money d) final call money
- 16) Which of the following statements is not true?
 a) All the limitations of financial statements are applicable to financial statement analysis also.
 b) Financial statement analysis is only the means and not an end.
 c) Expert knowledge is not required in analysing the financial statements.
 d) Interpretation of the analysed data involves personal judgement.
- 17) A statement giving comparison of net increase or decrease in the individual items of financial statements of two or more years of a business concern is called _____
 a) Comparative statement (b) common size statement (c) comparative balance sheet
 d) common size balance sheet
- 18) Match List I with List II and select the correct answer using the codes given below:
- | List I. | List II |
|--------------------------------|-----------------------|
| (i) Current ratio | 1. Liquidity |
| (ii) Net profit ratio | 2. Efficiency |
| (iii) Debt-equity ratio | 3. Long term solvency |
| (iv) Inventory turnover ratio. | 4. Profitability |
- Codes:
 (i) (ii) (iii) (iv)
 (a) 1 4 3 2
 (b) 3 2 4 1
 (c) 4 3 2 1
 (d) 1 2 3 4

19) Calculate quick ratio of Ananth Constructions Ltd from the information given below. Total current liabilities 1,00,000, current assets 2,50,000, Inventories 50,000, Prepaid expenses 15,000

(a) 1:1. (b) 2.5:1 (c) 2:1 (d) 1.85: 1

20) ` 25,000 withdrawn from bank for office use. In which voucher type, this transaction will be recorded

(a) Contra Voucher (b) Receipt Voucher (c) Payment Voucher (d) Sales Voucher

II Answer any seven questions in which question No.30 is compulsory.

{7x2=14

21)

From the following details calculate the amount that will be shown as subscription in Income and Expenditure Account for the year ending 31st March, 2017.

Subscription received for	₹
2015-16	7,500
2016-17	60,000
2017-18	1,500
	69,000

Subscription outstanding for the year 2016-17 is ₹ 2,400. Subscription for 2016-17 received in 2015-16 was ₹ 1,000.

22) What is a statement of affairs

23) A partnership firm has decided to value its goodwill for the purpose of settling a retiring partner. The profits of that firm for the last four years were as follows: 2015: ` 40,000; 2016: ` 50,000; 2017: ` 48,000 and 2018: ` 46,000. The business was looked after by a partner. No remuneration was paid to him. The fair remuneration of the partner valued at comes to ` 6,000 per annum. Find out the value of goodwill, if it is valued on the basis of three years purchase of the average profits of the last four years.

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

25)

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	₹
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.

26) Anu and Anbu are partners of a firm sharing profits and losses in the ratio of 4:3. They admit Deepa on 1.1.2019. On that date, their balance sheet showed debit balance of profit and loss account being accumulated loss of ` 70,000 on the asset side of the balance sheet. Give the journal entry to transfer the accumulated loss on admission.

27) Nithya Company issues 10,000 equity shares of ` 10 each payable fully on application. Pass journal entries if the shares are issued at a premium of ` 2 per share.

28) Harishand vimalare partners sharing profits and losses in the ratio of 5:3. They admit Joel for 1/8share, which he acquires entirely from Hari. Find out the new profit sharing ratio and sacrificing ratio.

29)

From the following particulars of Kumar Ltd, prepare a common-size income statement for the year ended 31st March, 2018.

Particulars	2017-2018
	₹
Revenue from operations	5,00,000
Other income	20,000
Expenses	3,00,000

30) A) Calculate quick ratio: Total current liabilities ` 2,40,000; Total current assets ` 4,50,000; Inventories ` 70,000; Prepaid expenses ` 20,000

B) Calculate gross profit ratio from the following: Revenue from operations ` 2,50,000, Cost of revenue from operations ` 2,10,000 and Purchases ` 1,80,000.

III Answer any seven questions in which question No.40 is compulsory.

{7x3=21}

31) Differentiate between statement of affairs and balance sheet.(any 3)

32) Kumar, Kannan and Mani are partners sharing profits and losses in the ratio of 1/2, 1/3 and 1/6 respectively. Manohar retires and his share is taken up by Kumar and Kesavan equally. Find out the new profit sharing ratio and gaining ratio.

33) From the following information, compute the value of goodwill by capitalising super profit:

(a) Capital employed is ` 4,00,000 (b) Normal rate of return is 10%

(c) Profit for 2016: ` 62,000; 2017: ` 61,000 and 2018: ` 63,000

34) Prabu, Ragu and Siva are partners sharing profits and losses in the ratio of 3:2:1. Prabu retires from partnership on 1st April 2017. The following adjustments are to be made:

(i) Increase the value of building by ` 12,000 (ii) Reduce the value of furniture by ` 8,500

(iii) A provision would also be made for outstanding salary for ` 6,500. Give journal entries and prepare revaluation account.

35) Mannan and Ramesh share profits and losses in the ratio of 3:2 and their capital on 1st April, 2018 was Mannan ` 1,50,000 and Ramesh ` 1,00,000 respectively and their current accounts show a credit balance of ` 25,000 and ` 20,000 respectively. Calculate interest on capital at 6% p.a. for the year ending 31st March, 2019 and show the journal entries.

36) Explain how to view Profit and loss statement in Tally. ERP 9 ?

37)

How the following items will appear in the Income and Expenditure Account of a club for the year ending 31st March 2019 ?

Receipts and Payments Account for the year ended 31st March 2019

Dr.		Cr.	
Receipts	₹	₹	Payments
To Subscription			
2017 - 2018	5,000		
2018 - 2019	48,000		
2019 - 2020	3,000	56,000	

There are 300 members in the club each paying an annual subscription of ₹ 200 per annum. Subscription still outstanding for the year 2017-2018 is ₹ 1,000.

38)

For the purpose of admitting a new partner, a firm has decided to value its goodwill at 3 years purchase of the average profit of the last 4 years using weighted average method. Profits of the past 4 years and the respective weights are as follows :

Particulars	2015	2016	2017	2018
Profit (₹)	20,000	22,000	24,000	28,000
Weight	1	2	3	4

Compute the value of goodwill.

39)

From the following particulars, prepare Comparative income statement of Mary Co.Ltd.

Particulars	2015-16	2016-17
	₹	₹
Revenue from operations	4,00,000	5,00,000
Other expenses	2,00,000	1,80,000
Income tax (% of the profit before tax)	20	50

40)

Following is the extract of the balance sheet of Babu Ltd., as on 31st March, 2018:

Particulars	Amount ₹
I EQUITY AND LIABILITIES	
1. Shareholders' funds	
(a) Share capital	70,000
(b) Reserves and surplus	25,000
2. Non-current liabilities	
Long-term borrowings	30,000
3. Current liabilities	
(a) Trade payables	20,000
(b) Other current liabilities	15,000
(c) Short-term provisions	42,000
Total	2,02,000

Net profit before interest and tax for the year was ₹ 25,000. Calculate the return on capital employed for the year.

IV Answer all the questions.

{7x5=35}

41) a

From the following trading activities of Naveen Ltd. calculate

(i) Gross profit ratio (ii) Net profit ratio (iii) Operating cost ratio (iv) Operating profit ratio

Statement of Profit and loss

Particulars	₹
I. Revenue from operations	20,000
II. Other income:	
Income from investments	200
III. Total revenues (I+II)	20,200
IV. Expenses:	
Purchases of stock-in-trade	17,000
Changes in inventories	-1,000
Finance costs	300
Other expenses (administration and selling)	2,400
Total expenses	18,700
V. Profit before tax (III - IV)	1,500

From the following Balance Sheet of Arunan Ltd. as on 31.03.2019 calculate
(i) Debt-equity ratio (ii) Proprietary ratio and (iii) Capital gearing ratio.

Balance Sheet of Arunan Ltd. as on 31.03.2019

Particulars	₹
I EQUITY AND LIABILITIES	
1. Shareholders' funds	
(a) Share capital	
Equity share capital	1,50,000
8% Preference share capital	2,00,000
(b) Reserves and surplus	1,50,000
2. Non current liabilities	
Long term borrowings (9% Debentures)	4,00,000
3. Current liabilities	
Short-term borrowings from banks	25,000
Trade payables	75,000
Total	10,00,000
II ASSETS	
1. Non-current assets	
Fixed assets	7,50,000
2. Current assets	
(a) Inventories	1,20,000
(b) Trade receivables	1,00,000
(c) Cash and cash equivalents	27,500
(d) Other current assets	
Expenses paid in advance	2,500
Total	10,00,000

42.

Solution

- (a) From the following particulars, prepare comparative income statement of Abdul Co. Ltd.

Particulars	2015-16 (₹)	2016-17 (₹)
Revenue From Operations	3,00,000	3,60,000
Other income	1,00,000	60,000
Expenses	2,00,000	1,80,000
Income Tax	30%	30%

OR

- (b) Murali and Sethu are partners in a firm. Murali is to get a commission of 10% of net profit before charging any commission. Sethu is to get a commission of 10% on net profit after charging all commission. Net profit for the year ended 31st March 2019 before charging any commission was ₹ 1,10,000. Find the amount of commission due to Murali and Sethu.

- (a) Sundar and Suresh are partners sharing profits in the ratio of 3 : 2. Their balance sheet as on 1st January, 2017 was as follows :

Liabilities	₹	₹	Assets	₹
Capital accounts :			Buildings	25,000
Sundar	30,000		Furniture	13,000
Suresh	20,000	50,000	Stock	25,000
Creditors		50,000	Debtors	15,000
General Reserve		10,000	Bills Receivable	14,000
			Bank	18,000
		1,10,000		1,10,000

They decide to admit Sugumar into partnership for $\frac{1}{4}$ share in the profits on the following terms :

- Sugumar has to bring in ₹ 30,000 as Capital.
 - Revaluation loss ₹ 15,000.
 - That the stock be valued at ₹ 20,000.
 - That the Furniture be depreciated by ₹ 2,000.
 - That the value of building be depreciated by 20%.
- Prepare Capital A/c's & Balance Sheet after admission.

OR

- (b) From the following particulars calculate Total Purchases.

Particulars	₹
Sundry creditors on 01.04.2017	75,000
Bills Payable on 01.04.2017	60,000
Paid cash to creditors	3,70,000
Paid for Bills Payable	1,00,000
Purchases Returns	15,000
Cash Purchases	3,20,000
Creditors on 31 st March 2018	50,000
Bills Payable on 31 st March 2018	80,000

44) a.

16. From the following details you are required to calculate credit sales and credit purchases by preparing total debtors account, total creditors account, bills receivable account and bills payable account.

Particulars	₹	Particulars	₹
Balances as on 1st April 2018		Balances as on 31st March 2019	
Sundry debtors	2,40,000	Sundry debtors	2,20,000
Bills receivable	30,000	Sundry creditors	1,50,000
Sundry creditors	1,20,000	Bills receivable	8,000
Bills payable	10,000	Bills payable	20,000
Other information:	₹		₹
Cash received from debtors	6,00,000	Payments against bill payable	30,000
Discount allowed to customers	25,000	Cash received for bills receivable	60,000
Cash paid to creditors	3,20,000	Bills receivable dishonoured	4,000
Discount allowed by suppliers	10,000	Bad debts	16,000

b)

[OR]

Ahmed does not keep proper books of accounts. Find the profit or loss made by him for the year ending 31st March, 2018.

Particulars	1.4.2017 ₹	31.3.2018 ₹
Bank balance	14,000 (Cr.)	18,000 (Dr.)
Cash in hand	800	1,500
Stock	12,000	16,000
Debtors	34,000	30,000
Plant	80,000	80,000
Furniture	40,000	40,000
Creditors	60,000	72,000

Ahmed had withdrawn ₹ 40,000 for his personal use. He had introduced ₹ 16,000 as capital for expansion of his business. A provision of 5% on debtors is to be made. Plant is to be depreciated at 10%.

45) a

6. From the following receipts and payments account of Tenkasi Thiruvalluvar Manram, prepare income and expenditure account for the year ended 31st March, 2019.

Receipts	₹	Payments	₹
To Balance b/d		By Salaries	20,000
Cash in hand	14,000	By Rent	24,000
To Interest received	5,000	By Travelling expenses	2,000
To Subscription	55,000	By Printing and stationery	6,000
To Legacies	48,000	By Investments made	50,000
To Entrance fees	7,000	By Sports equipment purchased	33,000
To Sale of furniture (Book value: ₹ 17,000)	16,000	By Balance c/d	
		Cash in hand	10,000
	1,45,000		1,45,000

[OR]

5. From the following information, prepare Receipts and Payments account of Cuddalore Kabaddi Association for the year ended 31st March, 2019.

Particulars	₹	Particulars	₹
Opening cash balance (1.4.2018)	11,000	Interest and bank charges	250
Bank overdraft balance (1.4.2018)	20,000	Miscellaneous income	350
Stationery purchased	5,200	Upkeep of ground	550
Travelling expenses	1,800	Grant from Government	12,000
Dividend received	3,000	Telephone charges paid	2,800
General expenses	500	Endowment fund receipts	10,000
Admission fees	4,000	Insurance premium paid	2,000
Courier charges	2,000	Electricity charges paid	5,000
Municipal taxes paid	3,000	Closing cash balance (31.03.2019)	1,750

46) A) Mugil and Gokul are partners in a firm. Murali is to get a commission of 10% of net profit before charging any commission. Sethu is to get a commission of 10% on net profit after charging all commission. Net profit for the year ended 31st March 2019 before charging any commission was ₹ 1,10,000. Find the amount of commission due to Mugil and Gokul and you are required to pass the necessary journal entry. Assume that their capitals are fluctuating. (OR).

B) Ramya is a partner in a firm. She withdraws ₹ 2,500 p.m. regularly. Interest on drawings is charged @ 4% p.a. Calculate the interest on drawings using average period, and pass the necessary journal entry of , if she draws

(i) at the beginning of every month (ii) in the middle of every month (iii) at the end of every month

47) A) Shankar is interested in playing chess. He joined a chess club. But, he could not pay the membership fee. He has little accounting knowledge. But, he is not familiar with the accounting records of the clubs and societies. The accountant of the club suggested him to help with maintaining the accounting records for the club, so that he need not pay the membership fee. The club also has a cafe, where members can buy snacks, coffee and tea. Shankar offered his help to the café too. He is not clear on certain terms and accounting practices of the club. But, he is so eager to learn. He needs explanation on the following.

1) What is the main source of income for the club?

2) Is receipts and payments account the same as cash book?

3) Are the members allowed to draw money when a club has surplus of income?

4) How is donation treated?

5) If the members do not pay the membership fee at the end of the accounting period, how will this be considered and treated in the accounting records?

B)

Fill in the missing information				
Closing capital ₹	Drawings ₹	Additional capital ₹	Opening capital ₹	Profit / Loss ₹
1,00,000	40,000	20,000	90,000	?
?	30,000	40,000	80,000	20,000
70,000	?	30,000	40,000	10,000
60,000	20,000	?	50,000	- 10,000
2,00,000	30,000	10,000	?	1,20,000

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