

PART - I

20 x 1 = 20

- Answer all the question. Choose the correct answer with option code**
- Which one of the following statement is not true in relation to incomplete records?
 - It is an unscientific method of recording transactions
 - Records are maintained only for cash and personal accounts
 - It is suitable for all types of organisations
 - tax authorities do not accept
 - When capital in the beginning is ₹10,000, drawings during the year is ₹12,000, profit made during the year is ₹2,000 and the additional capital introduced is ₹3,000 find out the amount of capital at the end
 - ₹9,000
 - ₹11,000
 - ₹21,000
 - ₹3,000
 - Receipts and payments account records receipts and payments of
 - Revenue nature only
 - Capital nature only
 - Both revenue and capital nature
 - None of the above
 - Legacy is a.....
 - Revenue expenditure
 - Capital expenditure
 - Revenue receipt
 - Capital receipt
 - When fixed capital method is adopted by a partnership firm, which of the following items will appear in capital account?
 - Additional capital introduced
 - Interest on capital
 - Interest on drawings
 - Share of profit
 - Which of the following is the incorrect pair?
 - Interest on drawings - Debited to capital account
 - Interest on capital - Credited to capital account
 - Interest on loan - Debited to capital account
 - Share of profit - Credited to capital account
 - The average rate of return of similar concerns is considered as
 - Average profit
 - Normal rate of return
 - Expected rate of return
 - None of these
 - The total capitalised value of a business is ₹1,00,000 ; assets are ₹1,50,000 and liabilities are ₹80,000. The value of goodwill as per the capitalisation method will be
 - ₹40,000
 - ₹70,000
 - ₹1,00,000
 - ₹30,000
 - At the time of admission, the goodwill brought by the new partner may be credited to the capital accounts of
 - All the partners
 - The old partners
 - The new partners
 - The sacrificing partners
 - Select the odd one out
 - Revaluation profit
 - Accumulated profit
 - Goodwill brought by new partner
 - Investment fluctuation fund
 - On retirement of a partner from a partnership firm, accumulated profits and losses are distributed to the partners in the
 - New profit sharing ratio
 - Old profit sharing ratio
 - Gaining ratio
 - Sacrificing ratio
 - A, B and C are partners sharing profits in the ratio of 4 : 2 : 3. B retires. The new profit sharing ratio between A and C will be
 - 4 : 3
 - 3 : 4
 - 2 : 1
 - 1 : 2
 - The part of share capital which can be called up only on the winding up of a company is called :
 - Authorised capital
 - Called up capital
 - Capital reserve
 - Reserve capital
 - Supreme Ltd. forfeited 100 shares of ₹10 each for non-payment of final call of ₹1 per share. All these shares were re-issued at ₹9 per share. What amount will be transferred to capital reserve account?
 - ₹700
 - ₹800
 - ₹900
 - ₹1,000
 - The financial statements do not exhibit
 - Non-monetary data
 - Past data
 - Short term data
 - Long term data
 - In a common-size balance sheet, if the percentage of non-current assets is 80, what would be the percentage of current assets?
 - 175
 - 125
 - 25
 - 20
 - Current ratio indicates
 - Ability to meet short term obligations
 - Efficiency of management
 - Profitability
 - Long term solvency
 - Cost of revenue from operations ₹3,00,000 ; Inventory in the beginning of the year ₹60,000 ; Inventory at the close of the year 40,000. Inventory turnover ratio is
 - 2 times
 - 3 times
 - 6 times
 - 8 times
 - Accounting report prepared according to the requirements of the user is
 - Routine accounting report
 - Special purpose report
 - Trial balance
 - Balance sheet
 - Which is not the default group in Tally?
 - Suspense account
 - Outstanding expense
 - Sales account
 - Investments

PART - II

Answer any 7 questions. Question No.30 is compulsory.

7 x 2 = 14

- Following are the balances in the books of Nimal Kumar as on 31st March 2019.

<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Particulars</td> <td style="width: 50%; text-align: right;">₹</td> </tr> <tr> <td>Creditors</td> <td style="text-align: right;">6,00,000</td> </tr> <tr> <td>Furniture</td> <td style="text-align: right;">80,000</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">3,00,000</td> </tr> <tr> <td>Sundry Debtors</td> <td style="text-align: right;">3,20,000</td> </tr> </table>	Particulars	₹	Creditors	6,00,000	Furniture	80,000	Land	3,00,000	Sundry Debtors	3,20,000	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Particulars</td> <td style="width: 50%; text-align: right;">₹</td> </tr> <tr> <td>Bills payable</td> <td style="text-align: right;">1,20,000</td> </tr> <tr> <td>Cash in hand</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td>Bills receivable</td> <td style="text-align: right;">60,000</td> </tr> <tr> <td>Stock</td> <td style="text-align: right;">2,20,000</td> </tr> </table>	Particulars	₹	Bills payable	1,20,000	Cash in hand	20,000	Bills receivable	60,000	Stock	2,20,000
Particulars	₹																				
Creditors	6,00,000																				
Furniture	80,000																				
Land	3,00,000																				
Sundry Debtors	3,20,000																				
Particulars	₹																				
Bills payable	1,20,000																				
Cash in hand	20,000																				
Bills receivable	60,000																				
Stock	2,20,000																				

Prepare a statement of affairs as on 31st March 2019 and calculate capital as at that date.
- What is receipts and payments account?
- Kevin and Francis are partners. Kevin draws ₹6,000 at the middle of each quarter. Interest on drawings is chargeable at 4% p.a. Calculate interest on drawings for the year ending 31st March 2019 using average period.
- What is super profit?
- State whether the following will be debited or credited in the revaluation account.
 - Depreciation on Machinery
 - Unrecorded liability
 - Provision for outstanding expenses
 - Appreciation of assets
- Dheena, Surya and Janaki are partners sharing profits and losses in the ratio of 3 : 2 : 1. On 31.3.2018, Dheena retired. On the date of retirement, the books of the firm showed a reserve fund of ₹ 60,000. Pass journal entry to transfer the reserve fund.
- Arjun was holding, 100 shares of ₹10 each of Vanavi Electronics Ltd., issued at par. He paid ₹3 on application, ₹4 on allotment but

could not pay the first and final call of ₹3. The directors forfeited the shares for non-payment of call money. Give journal entry for forfeiture of shares.

28. From the following particulars of Kala Ltd, prepare a common-size income statement for the year ended 31st March, 2018.
- | Particulars | 2018-2019 (₹) |
|-------------------------|---------------|
| Revenue from operations | 5,00,000 |
| Other income | 20,000 |
| Expenses | 3,00,000 |
29. Calculate quick ratio : Total current liabilities ₹3,60,000 ; Total current assets ₹4,50,000 Inventories ₹70,000 Prepaid expenses ₹20,000.
30. What is automated accounting system?

PART - III

7 x 3 = 21

Answer any 7 questions. Question No.40 is compulsory.

31. From the information given below, prepare Receipts and Payments account of Coimbatore Cricket Club for the year ending 31st March, 2019.

Particulars	₹	₹	Particulars	₹
Bank overdraft (1.4.2018)		6,000	Honorary Paid	2,800
Cash in hand (1.4.2018)		1,000	Electricity charges	700
Wages paid for ground maintenance		2,000	Match expenses	2,600
Subscription received :			Sports material purchased	1,900
Previous Year	500		Match fund receipts	5,200
Current Year	9,600		Legacies received	2,000
Subsequent Year	400		Cash balance (31.03.2019)	300
		10,500	Donation received for pavilion	3,000
Wages yet to be paid		2,200	Interest on loan paid	2,000

32. Ahamad and Basheer contribute ₹60,000 and ₹40,000 respectively as capital. Their respective share of profit is 2 : 1 and the profit before interest on capital for the year is ₹5,000. 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 @ 4% is allowed as per the partnership deed.
 - If the partnership deed allows interest on capital @ 6% per annum.
33. From the following details, calculate the value of goodwill at 2 years purchase of super profit :
- Total assets of a firm are ₹5,00,000
 - The liabilities of the firm are ₹2,00,000
 - Normal rate of return in this class of business is 15%
 - Average profit of the firm is ₹60,000
34. Hari, Madhavan and Kesavan are partners, sharing profits and losses in the ratio of 3 : 1 : 1. As from 1st April 2017, Vanmathi is admitted into the partnership and the new profit sharing ratio is decided as 4 : 3 : 2 : 1. The following adjustments are to be made.
- Increase the value of premises by ₹60,000
 - Depreciate stock by ₹5,000, furniture by ₹2,000 and machinery by ₹2,500
 - Provide for an outstanding liability of ₹500. Prepare revaluation account.
35. Janani, Janaki and Jamuna are partners sharing profits and losses in the ratio of 3 : 3 : 1 respectively. Janaki died on 31st December, 2017. Final amount due to her showed a credit balance of ₹1,50,000. Pass journal entries if,
- The amount due is paid off immediately.
 - The amount due is not paid immediately.
 - ₹70,000 is paid and the balance in future.
36. Abdul Ltd. issues 20,000 equity shares of ₹10 each payable fully on application. Pass journal entries if shares are issued
- at par
 - at a premium of ₹2 per share.
37. Calculate operating profit ratio under the following cases.
- Case 1 : Revenue from operations ₹8,00,000, Operating profit ₹2,40,000.
- Case 2 : Revenue from operations ₹20,00,000, Operating cost ₹14,00,000.
38. Explain how to view profit and loss statement in Tally.ERP 9.
39. Prepare common size statement of financial position for the following particulars of Raja Ltd.

RAJAGANAPATHI. R
BVHSS GOBI
ERODE(DT)

Particulars	31st March 2016 (₹)	31st March 2017 (₹)
I. Equity And Liabilities		
Shareholder's Fund	5,40,000	6,00,000
Non-current liabilities	2,70,000	2,50,000
Current liabilities	90,000	1,50,000
Total	9,00,000	10,00,000
II. Assets		
Non-current assets	7,20,000	8,00,000
Current assets	1,80,000	2,00,000
Total	9,00,000	10,00,000

40. From the following particulars calculate total purchase.
- | Particulars | ₹ | Particulars | ₹ |
|-----------------------------------|----------|---------------------------------|----------|
| Sundry creditors on 1st Jan, 2018 | 30,000 | Purchase returns | 15,000 |
| Bills payable on 1st Jan-2018 | 25,000 | Cash purchase | 6,22,000 |
| Paid cost to creditors | 1,20,000 | Creditors on 31st Dec, 2018 | 25,000 |
| Paid for bills payable | 30,000 | Bills payable on 31st Dec, 2018 | 20,000 |

PART - IV

7 x 5 = 35

41. a) Arun carries on hardware business and does not keep his books on double entry basis.

The following particulars have been extracted from his books.

Particulars	31.12.2017	31.12.2018
Land and building	₹ 2,50,000	₹ 2,50,000
Stock-in-trade	1,20,000	1,70,000
Debtors	40,000	51,500
Creditors	50,000	45,000
Cash at bank	30,000	53,000

Other information for the year ending 31.12.2018 showed the following.

Wages	₹65,000
Carriage outwards	₹7,500
Sundry expense	₹28,000
Cash paid to creditors	₹6,00,000
Drawings	₹10,000

Total sales during the year were ₹7,70,000. Purchases returns during the year were ₹30,000 and sales returns were ₹25,000. Prepare trading and profit and loss account for the year ending 31st December, 2018 and a balance sheet as on that date.

(OR)

b) Saranya Ltd. issued 20,000 equity shares of 10 each to the public at par. The details of the amount payable on the shares are as follows :

On application ₹3 per share

On allotment ₹4 per share

On first and final call ₹3 per share

Application money was received on ₹30,000 shares. Excess application money was refunded immediately. Pass journal entries to record the above.

42. a) Following is the Receipts and Payments account of Neyveli Science Club for the year ended 31st December, 2018.

Receipts	₹	Payments	₹
To Balance b/d - Cash in hand	2,400	By Balance b/d-Bank overdraft	1,000
To Subscription	8,700	By Postage expenses	200
To Life membership fees	5,000	By Science equipments purchased	10,000
To Exhibition fund receipts	7,000	By Laboratory expenses	2,400
To Sale of science equipments (Book value Rs.5000)	6,000	By Secretary's honorarium	5,000
To Miscellaneous income	500	By Audit fees	3,600
		By General charges	1,800
		By Exhibition expenses	5,000
		By Balance c/d - Cash in hand	200
		- Cash at bank	400
	<u>29,600</u>		<u>29,600</u>

Additional information : i) Opening capital fund ₹6,400 ii) Subscription includes ₹600 for the year 2019 iii) Science equipment as on 1.1.2018 ₹5,000 iv) Surplus on account of exhibition should be kept in reserve for new auditorium. Prepare income and expenditure account for the year ended 31st December, 2018 and the balance sheet as on that date. (OR)

b) From the following particulars, prepare comparative income statement of Barani Ltd.

Particulars	2016 - 17	2017 - 18
Revenue from operations	₹ 30,000	₹ 45,000
Other income	4,000	6,000
Expenses	10,000	15,000
Income tax	30%	30%

43. a) Dinesh and Sugumar entered into a partnership agreement on 1st January 2018, Dinesh contributing ₹1,50,000 and Sugumar ₹1,20,000 as capital. The agreement provided that :

a) Profits and losses to be shared in the ratio 2 : 1 as between Dinesh and Sugumar. b) Partners to be entitled to interest on capital @ 4% p.a. c) Interest on drawings to be charged Dinesh : ₹3,600 and Sugumar ₹ 2,200 d) Dinesh to receive a salary of ₹60,000 for the year.

e) Sugumar to receive a commission of ₹80,000 During the year ended on 31st December 2018, the firm made a profit of ₹2,20,000 before adjustment of interest, salary and commission. Prepare the Profit and loss appropriation account. (OR)

b) What is goodwill? State any 4 factors determining good will.

44. a) The following particulars are available in respect of the business carried on by a partnership firm :

i) Profits earned : 2016 ₹25,000, 2017 ₹23,000 and 2018 ₹26,000 ii) Profit of 2016 includes a non-recurring income of ₹2,500 iii) Profit of 2017 is reduced by ₹3,500 due to stock destroyed by fire. iv) The stock was not insured. But, it is decided to insure the stock in future. The insurance premium is estimated to be ₹500 per annum. You are required to calculate the value of goodwill of the firm on the basis of 2 years purchase of average profits of the last three years. (OR)

b) From the following trading activities of Jones 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	4,00,000

II. Other income	4,000
Income from investments	4,04,000
III. Total revenues (I+II)	
IV. Expenses :	2,10,000
Purchases of stock-in-trade	30,000
Changes in inventories	24,000
Finance costs	60,000
Other expenses (Administration and selling)	3,24,000
Total expenses	80,000
V. Profit before tax (III-IV)	25,000

45. a) Rajan and Selva are partners sharing profits and losses in the ratio 3 : 1. Their balance sheet as on 31st March 2017 is as under.

Liabilities	₹	₹	Assets	₹
Capital accounts :			Building	20,000
Rajan	30,000		Furniture	16,000
Selva	16,000		Stock	3,000
		46,000	Debtors	12,500
General reserve		4,000	Bills receivable	10,000
Creditors		37,500	Cash at bank	
			Profit and loss account	87,500
		87,500		

On 1.4.2017, they admit Ganesan as a new partner on the following arrangements.
 i) Ganesan brings ₹ 10,000 as capital for 1/5 share of profit. ii) Stock and furniture is to be reduced by 10%, a reserve of 5% on debtors for doubtful debts is to be created. iii) Appreciate buildings by 20%
 Prepare revaluation account, partner's capital account and the balance sheet. (OR)

b) From the following receipts and payment account, prepare income and expenditure account of Kumbakonam Basket Ball Association for the year ended 31st March, 2018.

Particulars	Rs.	Rs.	Particulars	₹
To Balance b/d			By Rent of ground paid	12,000
Cash in hand		23,000	By Bank charges	6,000
Cash at bank		12,000	By Insurance for building	2,000
To rent of hall received		6,000	By Tournament expenses	16,000
To subscription received			By Audit fees	3,000
2016 - 17	3,000		By Sports materials purchased	4,000
2017 - 18	7,000		By Balance c/d	2,000
2018 - 19	1,000		Cash in hand	14,000
		11,000	Cash at bank	
To Life membership fees		5,000		
To Locker rent received		2,000		
		59,000		
		59,000		

46. a) Saran, Arun and Karan are partners in a firm sharing profits and losses in the ratio of 4 : 3 : 3. Their balance sheet as on 31.12.2016 was as follows :

Liabilities	₹	₹	Assets	₹	₹
Capital accounts :			Buildings	60,000	
Saran	60,000		Machinery	40,000	
Arun	50,000		Investment	20,000	
Karan	40,000		Stock	12,000	
		1,50,000	Debtors	25,000	
General reserve		15,000	(-) Provision for bad debts	1,000	
Creditors		35,000			24,000
			Cash at bank		44,000
		2,00,000			2,00,000

Karan retires on 1.1.2017 subject to the following conditions :
 i) Goodwill of the firm is valued at ₹ 21,000 ii) Machinery to be appreciated by 10% iii) Buildings to be valued at ₹ 80,000
 iv) Provision for bad debts to be raised to ₹ 2,000 v) Stock to be depreciated by ₹ 2,000 vi) Final amount due to Karan is not paid immediately. Prepare revaluation account and capital account of partners after retirement. (OR)
 b) Kaarvembu Ltd issued 50,000 equity shares of ₹ 10 each at par payable on application ₹ 2 per share, on allotment ₹ 5 per share, on first call ₹ 1 per share and on second and final call ₹ 2 per share. The issue was fully subscribed and all the amounts were duly received with the exception of 2,000 shares held by Arul, who failed to pay the second and final call. His shares were forfeited. Journalise the above transactions.

47. a) Explain any five applications of computerised accounting system. (OR)
 b) What is meant by retirement of a partner? List out the adjustments made at the time of retirement of a partner in a partnership firm.