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## Second Revision Test - 2023

Reg. No.

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## ACCOUNTANCY

Max. Marks : 90

Time : 3.00 hrs.

20 x 1 = 20

**Note : i) All the questions are compulsory.****ii) Choose the most appropriate answer from the given four alternatives and write the option code and the corresponding answer.**

1. The excess of assets over liabilities is a) loss b) cash c) profit d) capital
2. Donation received for a specific purpose is a) Revenue receipt b) Capital receipt c) Revenue expenditure d) Capital expenditure
3. In the absence of an agreement, partners are entitled to a) salary b) commission c) interest on loan d) interest on capital
4. When the average profit is ₹25,000 and the normal profit is ₹10,000. Super profit is a) ₹25,000 b) ₹10,000 c) ₹35,000 d) ₹15,000
5. On revaluation, the increase in the value of assets leads to a) gain b) loss c) expense d) none of these
6. If the final amount due to a retiring partner is paid immediately, it is transferred to a) Bank A/c b) Retiring partner's capital A/c c) Retiring partners loan A/c d) Other Partner's capital A/c
7. A, B and C are partners sharing profits in the ratio of 4 : 2 : 3. C retires. The new profit sharing ratio between A and B will be a) 4 : 3 b) 3 : 4 c) 4 : 2 d) 1 : 2
8. At the time of forfeiture, share capital account is debited with a) Face value b) Nominal value c) paid up amount d) called up amount
9. The financial statements do not exhibit a) Non-monetary data b) Past data c) short term data d) long term data
10. Current assets excluding inventory and prepaid expenses is called a) Reserves b) Tangible assets c) Funds d) Quick assets
11. Proportion of share holder's funds to total assets is called a) Proprietary ratio b) Capital gearing ratio c) Debt equity ratio d) Current ratio
12. Function key F11 is used for a) Company features b) Accounting vouchers c) Company configuration d) None of these
13. Which is not the default group in Tally? a) Suspense account b) Outstanding expense c) Sales account d) Investments account
14. To test the liquidity of a concern, which of the following ratios are useful? i) Quick ratio ii) Current ratio iii) Net profit ratio iv) Debt - equity ratio  
Select the correct answer using the code given below.  
a) (i) and (ii) b) (ii) and (iii) c) (iii) and (iv) d) (i) and (iv)
15. In a common-size balance sheet, if the percentage of non-current assets is 75, what would be the percentage of current assets? a) 175 b) 125 c) 25 d) 100
16. 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? a) ₹700 b) ₹800 c) ₹900 d) ₹1000
17. James and Kamal are sharing profits and losses in the ratio of 3 : 5. They admit Sunil as a partner giving him 1/5 share of profits. Find out the sacrificing ratio. a) 1 : 3 b) 3 : 1 c) 5 : 3 d) 3 : 5
18. Weighted profit means a) average profit - normal profit b)  $\frac{\text{Total of weighted profit}}{\text{Total of weight}}$  c) profit x weight d)  $\frac{\text{Total profit}}{\text{Number of years}}$
19. As per the Indian partnership Act 1932, the rate of interest allowed on loans advanced by partner is a) 8% per annum b) 12% per annum c) 5% per annum d) 6% per annum
20. Income and Expenditure account is prepared to find out a) profit or loss b) cash and bank balance c) surplus or deficit d) financial position

## PART - II

**i) Answer any seven questions. ii) Question No.30 is compulsory.**

7 x 2 = 14

21. What is meant by incomplete records?
22. What is legacy?
23. What is a partnership deed?
24. Why are the shares forfeited?
25. List the tools of financial statement analysis.
26. What is automated accounting system?
27. From the following details, calculate the missing figure.
- |   |            |
|---|------------|
| Capital as on 1st January 2020                | ₹ 2,50,000 |
| Capital as on 31st December 2020              | 2,75,000   |
| Additional capital introduced during the year | 30,000     |
| Profit for the year                           | 15,000     |
| Drawings during the year                      | ?          |
28. Mani is a partner, who withdrew ₹30,000 on 1st September 2018. Interest on drawings is charged at 6% per annum calculate interest on drawings on 31st December 2018 and show journal entries.
29. Calculate Inventory turnover ratio.  
Cost of revenue from operations ₹1,20,000

- Opening stock ₹40,000, Closing stock ₹20,000  
 30. Sara Company issues 10000 equity shares of 10 each at par fully payable on application pass journal entries.

**PART - III**

**7 x 3 = 21**

- Note : Answer any seven questions. Question No.40 is compulsory.**  
 31. State the differences between Receipts and Payments Account and Income and Expenditure Account.  
 32. State any six factors determining goodwill.  
 33. Distinguish between sacrificing ratio and gaining ratio.  
 34. Explain the objectives of ratio analysis.  
 35. Explain any five applications of computerised accounting system.  
 36. From the following details find out the total sales made during the year.

Particulars.	₹
Debtors on 1st April 2018	50,000
Cash received from debtor during the year	1,50,000
Return inwards	15,000
Bad debts	5,000
Debtors on 31st March 2019	70,000
Cash sales	1,40,000

37. From the following receipts and payments account and the additional information given below, calculate the amount of subscription to be shown in Income and Expenditure account for the year ending 31st December 2018.

Receipts	₹	₹	₹	₹
To Subscription				
2017	28,000			
2018	1,72,000			
2019	12,000			
	-----			
		2,12,000		
		-----		

38. Roja, Neela and Kanaka are partners sharing profits and losses in the ratio of 3 : 2 : 1. On 1st April 2017, Roja retires and on retirement, the following adjustments are agreed upon.

- i) Increase the value of building by ₹30,000
- ii) Depreciate stock by ₹5,000 and furniture by ₹12,000
- iii) Provide and outstanding liabilities ₹1,000 prepare revaluation account.

39. Prepare common-size income statement for the following particulars of Radha Ltd. for the year ending 31st Mar. 2017.

Particulars	2016 - 17
	₹
Revenue from operations	4,50,000
Other income	67,500
Expenses	1,35,000

40. Anu Company forfeited 200 equity shares of ₹10 each issued at par held by Thiyagu for non-payment of the final call of ₹2 per share. The shares were reissued to Laxman at ₹7 per share. Show the journal entries for the forfeiture, reissue and transfer to capital reserve of gain.

**PART - IV**

**7 x 5 = 35**

- Note : Answer all the questions**  
 41. a) Arjun carries on grocery business and does not keep his books on double entry basis. The following particulars have been extracted from his books.

Particulars	1-4-2018	31-3-2019
	₹	₹
Plant and machinery	20,000	20,000
Stock	9,000	16,000
Sundry debtors	2,000	5,300
Sundry creditors	5,000	4,000
Cash at Bank	4,000	6,000

Other information for the year ending 31-3-2019 showed the following.

Advertising ₹4,700, Carriage inwards ₹8,000 Cash paid to creditors ₹64,000, Drawings ₹2,000, Total Sales ₹85,000, Purchase return ₹2,000 Sales return ₹1,000, Depreciate plant and Machinery by 5% and provide ₹300 for doubtful debts. Prepare trading and profit and loss A/c and the Balance sheet as on 31-3-2019. (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	
Income from investments	4,000
	-----
III Total revenues (I + II)	4,04,000
IV Expenses	
Purchases of stock in trade	2,10,000
Changes in inventories	30,000

Finance costs	24,000
Other expenses (Administration and selling)	60,000
	3,24,000

V Profit before tax (III - IV) 80,000

42. a) From the following receipts and payments A/c of Tenkasi Thiruvalluvar Mandram prepare Income and expenditure A/c on 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 stationery	6,000
To legacy	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)

b) 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%

43. a) Find out the value of goodwill at the three years purchase of weighted average profit of last four years.

Years	Profit	Weight
	₹	
2017	10000	1
2018	12000	2
2019	16000	3
2020	18000	4

(OR)

b) Prepare common size balance sheet of Sharmila Ltd., and Sangeetha Ltd. as on 31st March 2019.

Particulars	Sharmila Ltd.	Sangeetha Ltd
	₹	₹
<b>I Equity and Liabilities</b>	5,00,000	11,00,000
Share holders fund	4,00,000	7,00,000
Non current liabilities	1,00,000	2,00,000
<b>Total</b>	10,00,000	20,00,000
<b>II Assets</b>		
Non - current assets	6,50,000	18,00,000
Current assets	3,50,000	2,00,000
	10,00,000	20,00,000

44. a) Vetri and Ranjit are partners, sharing profit in the ratio of 3 : 2. Their balance sheet as on 31st December 2017 is as under.

Liabilities	₹	₹	Assets	₹
Capital Account			Furniture	25,000
Vetri	30,000		Stock	20,000
Ranjit	20,000		Debtors	10,000
	50,000		Cash in hand	35,000
Reserve Fund		5,000	Profit and loss A/c (loss)	10,000
Sundry creditors		45,000		
		1,00,000		1,00,000

On 1.1.2018, they admit Surya into their firm as a partner on the following arrangements.

- Surya brings ₹10000 as a capital for 1/4 th share of profit,
- Stock to be depreciated by 10%
- Debtors to be valued at ₹7,500
- Furniture to be revalued at ₹40,000
- There is an outstanding wages of ₹4,500 not yet recorded.

Prepare revaluation account partners capital account and the balance sheet of the firm after admission. (OR)  
 b) How the following items will appear in the final accounts of a club for the year ending 31st March 2019?

Dr. Receipts and Payments Account for the year ended 31st March, 2019. Cr.

Receipts	₹	₹	Payments	₹
To Subscription				
2017-18	5,000			
2018-19	48,000			
2019-20	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 2017-18 is ₹1,000.

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

Particulars	1-4-2018	31-3-2019
	₹	₹
Cash	43,000	29,000
Stock of goods	1,20,000	1,30,000
Sundry debtors	84,000	1,10,000
Sundry creditors	1,30,000	1,22,000
Business premises	2,83,000	2,95,000

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

b) Khan Ltd. issued 50000 shares of ₹10 each to the public payable ₹4 on application ₹4 on allotment and ₹2 on first and final call. Applications were received for 65,000 shares. The directors decided to allot 50000 shares on pro-rate basis and surplus application money were utilized for allotment. Pass journal entries assuming that the amounts due were received.

46. a) Ramya, Sara and Thara are partners sharing profits and losses in the ratio of 5 : 3 : 2 on 1st April 2018. Thara retires and on retirements the following adjustments are agreed upon :

- increase the value of premises by ₹40,000
- Depreciate stock by ₹3,000 and machinery by ₹6,500
- Provide an outstanding liabilities of ₹ 500. Pass journal entries and prepare revaluation A/c.

(OR)

b) From the following balance sheet of Aruna Ltd. as on 31st March 2019. Calculate (i) Debt - Equity ratio  
 (ii) Proprietary ratio and (iii) Capital gearing ratio

Balance sheet of Aruna Ltd. as on 31.3.2019

Particulars	₹
<b>I Equity and Liabilities</b>	
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 (8% debentures)	4,00,000
3. Current liabilities	
Short term borrowings from banks	25,000
Trade payables	75,000
<b>Total</b>	<b>10,00,000</b>
<b>II Assets</b>	
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
<b>Total</b>	<b>10,00,000</b>

R. RAJAGANAPATHI  
 BVHSS GOBI  
 ERODE (DT)

47. a) Gemini Ltd. forfeited 20 equity shares of ₹10 each ₹7 called up on which Mahesh has paid application and allotment money of ₹5 per share. Of these 15 shares were referred to Naresh by receiving ₹6 per share paid up as ₹7 per share. Pass journal entries for forfeiture and re-issue. (OR)

- What are the pre-defined ledgers available in Tally. ERP9?
- Explain how to view profit and loss statement in Tally ERP9.