

THANJAVUR
DISTRICT

A. VENNILA
Kumbakonam

2RM

12 - Std

SECOND REVISION TEST - 2023
ACCOUNTANCY

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Time : 3.00 Hrs

Marks : 90

I Choose the correct answer.

(20 X 1 = 20)

- The amount of credit sales can be computed from
 - Total debtors account
 - Total creditors account
 - Bills receivable account
 - Bills payable account
- Statement of affairs is a
 - Statement of income and expenditure
 - Statement of assets and liabilities
 - Summary of cash transactions
 - Summary of credit transactions
- Which of the following should not be recorded in the income and expenditure account?
 - Sale of old news papers
 - Loss on sale of asset
 - Honorarium paid to the secretary
 - Sale proceeds of furniture
- Purchase of sports materials
 - revenue expenditure
 - capital expenditure
 - revenue receipt
 - capital receipt
- Which of the following is shown in Profit and loss appropriation account?
 - Office expenses
 - Salary of staff
 - Partners' salary
 - Interest on bank loan
- 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 loan account
 - Interest on loan - Credited to loan account
- The total capitalised value of a business is Rs.2,00,000; assets are Rs.3,00,000 and liabilities are Rs.1,60,000. The value of goodwill as per the capitalisation method will be
 - Rs.2,60,000
 - Rs.3,40,000
 - Rs.6,60,000
 - Rs.60,000
- _____ Methods are there to value Goodwill.
 - 2
 - 3
 - 4
 - 5
- If the old profit sharing ratio is more than the new profit sharing ratio of a partner, the difference is called
 - Capital ratio
 - Sacrificing ratio
 - Gaining ratio
 - None of these
- On revaluation, the increase in the value of assets leads to
 - Gain
 - Loss
 - Expense
 - None of these
- At the time of retirement of a partner, determination of gaining ratio is required
 - To transfer revaluation profit or loss
 - To distribute accumulated profits and losses

- (c) To adjust goodwill (d) None of these
12. A, B and C are partners sharing profits in the ratio of 3:2:6. B retires. The new profit sharing ratio between A and C will be
(a) 4:3 (b) 3:4 (c) 2:1 (d) 1:2
13. After the forfeited shares are reissued, the balance in the forfeited shares account should be transferred to
(a) General reserve account
(b) Capital reserve account
(c) Securities premium account (d) Surplus account
14. If a share of Rs. 10 on which Rs. 7 has been paid up is forfeited. Minimum reissue price is
(a) Rs. 3 per share (b) Rs. 7 per share (c) Rs. 10 per share (d) Rs. 2 per share
15. The term 'fund' refers to
(a) Current liabilities (b) Working capital
(c) Fixed assets (d) Non-current assets
16. Which of the following tools of financial statement analysis is suitable when data relating to several years are to be analysed?
(a) Cash flow statement (b) Common size statement
(c) Comparative statement (d) Trend analysis
17. To test the liquidity of a concern, which of the following ratios are useful?
(i) Quick ratio (ii) Net profit ratio
(iii) Debt-equity ratio (iv) Current ratio
Select the correct answer using the codes given below:
(a) (i) and (ii) (b) (i) and (iv) (c) (ii) and (iii) (d) (ii) and (iv)
18. Current ratio indicates
(a) Ability to meet short term obligations (b) Efficiency of management
(c) Profitability (d) Long term solvency
19. What are the predefined Ledger(s) in Tally?
(i) Cash (ii) Profit & Loss A/c (iii) Capital A/c
(a) Only (i) (b) Only (ii) (c) Both (i) and (ii) (d) Both (ii) and (iii)
20. Which is not the default group in Tally?
(a) Suspense account (b) Outstanding expense
(c) Sales account (d) Investments

II ANSWER ANY 7 QUESTIONS (Q.NO.: 30 IS COMPULSORY). (7 X 2 =14)

21. State the accounts generally maintained by small sized sole trader when double entry accounting system is not followed.
22. What is working capital?
23. Give four examples for revenue receipts of not-for-profit organisation.
24. Why are the shares forfeited?
25. 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.

26. From the following particulars, prepare bills receivable amount and compute the bills received from the debtors.

PARTICULARS	Rs.
Bills receivable at the beginning of the year	1,40,000
Bills receivable at the end of the year	2,00,000
Cash received for bills receivable	3,90,000
Bills receivable dishonoured	30,000

27. Show how the following items appear in the income and expenditure account of Sirkazhi Singers Association?

PARTICULARS	Rs.
Stock of stationery on 1.4.2018	2,600
Purchase of stationery during the year	6,500
Stock of stationery on 31.3.2019	2,200

28. The profits and losses of a firm for the last four years were as follows:
2015: Rs. 15,000; 2016: Rs. 17,000; 2017: Rs. 6,000 (Loss); 2018: Rs. 14,000
You are required to calculate the amount of goodwill on the basis of 5 years purchase of average profits of the last 4 years.

29. Mala and Vimala were partners sharing profits and losses in the ratio of 3:2. On 31.3.2017, Varshini was admitted as a partner. On the date of admission, the book of the firm showed a reserve fund of Rs. 50,000. Pass the journal entry to distribute the reserve fund.

30. What is Accounting Information System (AIS)?

III. ANSWER ANY 7 QUESTIONS (Q.NO.: 40 IS COMPULSORY).

31. State the differences between fixed capital method and fluctuating capital method.

32. Explain the objectives of ratio analysis.

33. A partnership firm earned net profits during the last three years as follows:
2016 : Rs. 20,000; 2017 : Rs. 17,000 and 2018 : Rs. 23,000

The capital investment of the firm throughout the above mentioned period has been Rs. 80,000. Having regard to the risk involved, 15% is considered to be a fair return on capital employed in the business. Calculate the value of goodwill on the basis of 2 years purchase of super profit.

34. How will the following appear in the final accounts of Karaikudi sports club for the year ending 31st March, 2019?

PARTICULARS	Rs.
Tournament fund on 1 st April 2018	90,000
Tournament fund investment on 1st April 2018	90,000
Interest received on tournament fund investment	9,000
Donation to tournament fund	10,000
Tournament expenses	60,000

35. John is a partner in a firm. He withdraws Rs. 1,000 p.m. regularly. Interest on drawings is charged @ 5% p.a. Calculate the interest on drawings using average period, if he draws.

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

36. Sriram and Raj are partners sharing profits and losses in the ratio of 2:1. Nelson joins as a partner on 1st April 2017. The following adjustments are to be made:
 (i) Increase the value of stock by Rs. 5,000
 (ii) Bring into record investment of Rs. 7,000 which had not been recorded in the books of the firm.
 (iii) Reduce the value of office equipment by Rs. 10,000
 (iv) A provision would also be made for outstanding wages for Rs. 9,500.
 Give journal entries and prepare revaluation account

37. Naresh, Mani and Muthu are partners in a firm sharing profits and losses in the ratio of 2:2:1. On 31st March 2019, Muthu retires from the firm. On the date of Muthu's retirement, goodwill appeared in the books of the firm at Rs. 40,000. By assuming fluctuating capital method, pass the necessary journal entry if the partners decide to
 (a) write off the entire amount of existing goodwill
 (b) write off half of the amount of existing goodwill.

38. Muthu was holding 20 equity shares of Rs. 10 each on which he paid Rs. 2 on application but could not pay Rs. 3 on allotment and Rs. 1 on first call. Directors forfeited the shares after the first call. Give journal entry for recording the forfeiture of shares.

39. From the following figures obtained from Kalpana Ltd, calculate the trade payables turnover ratio and credit payment period (in days).

PARTICULARS

Rs.

Credit purchases during 2018 - 2019	1,00,000
Trade creditors as on 1.4.2018	20,000
Trade creditors as on 31.3.2019	10,000
Bills payable as on 1.4.2018	4,000
Bills payable as on 31.3.2019	6,000

40. On 1st April 2018, Ganesh started his business with a capital of Rs. 1,90,000. He did not maintain proper book of accounts. Following particulars are available from his books as on 31.03.2019.

PARTICULARS

Rs.

Bank overdraft	90,000
Debtors	2,80,000
Bills receivable	80,000
Furniture	3,000
Machinery	2,50,000

PARTICULARS

Rs.

Stock	1,00,000
Creditors	90,000
Bills payable	2,00,000
Cash in hand	90,000

During the year he withdrew Rs. 50,000 for his personal use. He introduced further capital of Rs. 80,000 during the year. Calculate his profit or loss.

IV ANSWER ALL THE QUESTIONS.

41. (A) Prepare common-size balance sheet of Sharmila Ltd. and Sangeetha Ltd. as on 31st March, 2019. (7 x 5 = 35)

PARTICULARS	Sharmila Ltd Rs.	Sangeetha Ltd Rs.
I EQUITY AND LIABILITIES		
Shareholders' funds	5,00,000	11,00,000
Non-current liabilities	4,00,000	7,00,000
Current liabilities 1,00,000	2,00,000	
Total 10,00,000	20,00,000	
II ASSETS		
Non-current assets	6,50,000	18,00,000
Current assets 3,50,000	2,00,000	
Total 10,00,000	20,00,000	

(OR)

(B) From the following details of Rakesh, prepare Trading and Profit and Loss account for the year ended 31st March, 2019 and a Balance Sheet as on that date.

PARTICULARS	31.3.2018Rs.	31.3.2019Rs.
Stock of goods	2,20,000	1,60,000
Debtors	5,30,000	6,40,000
Cash at bank	60,000	10,000
Machinery	80,000	80,000
Sundry creditors	3,70,000	4,20,000

Other details:

PARTICULARS	Rs.	PARTICULARS	Rs.
Rent paid	1,20,000	Cash received from debtors	12,50,000
Discount received	35,000	Drawings	1,00,000
Discount allowed	25,000	Cash sales	20,000
Cash paid to creditors	11,00,000	Capital as on 1.4.2018	5,20,000

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

PARTICULARS	Rs.	PARTICULARS	Rs.
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

(OR)

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

Balance Sheet of James Ltd. as on 31.03.2019
AmountRs.

PARTICULARS		
I EQUITY AND LIABILITIES		
1.	Shareholders' funds	
	(a) Share capital	
	Equity share capital	2,50,000
	6% Preference share capital	2,00,000
	(b) Reserves and surplus	1,50,000
2.	Non-current liabilities	
	Long-term borrowings (8% Debentures)	3,00,000
3.	Current liabilities	
	Short-term borrowings from banks	2,00,000
	Trade payables	1,00,000
	Total	12,00,000
II ASSETS		
1.	Non-current assets	
	Fixed assets	8,00,000
2.	Current assets	
	(a) Inventories	1,20,000
	(b) Trade receivables	2,65,000
	(c) Cash and cash equivalents	10,000
	(d) Other current assets	
	Expenses paid in advance	5,000
	Total	12,00,000

43. (A) Arun and Selvam are partners who maintain their capital accounts under fixed capital method. From the following particulars, prepare capital accounts of partners.

PARTICULARS	Arun Rs.	Selvam Rs.
Capital on 1st January, 2018	2,20,000	1,50,000
Current account on 1st January, 2018	4,250(Dr.)	10,000(Cr.)
Additional capital introduced during the year	Nil	70,000
Withdrew for personal use	10,000	20,000
Interest on drawings	750	600
Share of profit for 2018	22,000	15,000
Interest on capital	1,100	750
Commission	6,900	Nil
Salary	Nil	6,850

- (OR) (B) 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	Rs.
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

44. (A) From the following information relating to Arul enterprises, calculate the value of goodwill on the basis of 2 years purchase of the average profits of 3 years.

(a) Profits for the years ending 31st December 2016, 2017 and 2018 were Rs. 46,000, Rs. 44,000 and Rs. 50,000 respectively.

(b) A non-recurring income of Rs. 5,000 is included in the profits of the year 2016.

(c) The closing stock of the year 2017 was overvalued by Rs. 10,000. (OR)

(B) From the following particulars calculate total purchases.

PARTICULARS	Rs.	PARTICULARS	Rs.
Sundry creditors on 1.1.2018	30,000	Purchases returns	15,000
Bills payable on 1.1.2018	25,000	Cash purchases	2,25,000
Paid cash to creditors	1,20,000	Creditors on 31.12.2018	25,000
Paid for bills payable	30,000	Bills payable on 31.12.2018	20,000

45. (A) Ameer and Raja are partners sharing profits in the ratio of 3:2. Their balance sheet is shown as under on 31.12.2018.

Liabilities	Rs.	Rs.	Assets	Rs.
Capital accounts:			Machinery	60,000
Ameer	80,000		Furniture	40,000
Raja	<u>70,000</u>	1,50,000	Debtors	30,000
Reserve fund.		15,000	Stock	10,000
Creditors		35,000	Prepaid insurance	40,000
			Cash at bank	20,000
		2,00,000		2,00,000

Rohit is admitted as a new partner who introduces a capital of Rs. 30,000 for his 1/5 share in future profits. He brings Rs. 10,000 for his share of goodwill.

Following revaluations are made:

(i) Stock is to be appreciated to Rs. 14,000

(ii) Furniture is to be depreciated by 5%

(iii) Machinery is to be revalued at Rs. 80,000

(iv) Revaluation Profit Rs. 22,000

Prepare Capital accounts and the balance sheet after the admission. (OR)

(B) From the following balance sheet of Chandra Ltd, prepare comparative balance sheet as on 31st March 2016 and 31st March 2017.

PARTICULARS 31st March 2016Rs.		31st March 2017Rs.	
I EQUITY AND LIABILITIES			
Shareholders' fund	1,00,000	2,60,000	
Non-current liabilities	50,000	60,000	
Current liabilities	25,000	30,000	
Total	1,75,000	3,50,000	
II ASSETS			
Non-current assets	1,00,000	2,00,000	
Current assets	75,000	1,50,000	
Total	1,75,000	3,50,000	

46. (A) Mani, Rama and Devan are partners in a firm sharing profits and losses in the ratio of 4 : 3 : 3. Their balance sheet as on 31st March, 2019 is as follows:

Liabilities	Rs.	Rs.	Assets	Rs.
Capital accounts:				
Mani	50,000		Buildings	80,000
Rama	50,000		Stock	20,000
Devan	<u>50,000</u>	1,50,000	Furniture	70,000
Sundry creditors			Debtors	20,000
10,000			Cash in hand	
Profit and loss A/c		30,000		
		2,00,000		2,00,000

Mani retired from the partnership firm on 31.03.2019 subject to the following adjustments:

- Stock to be depreciated by Rs. 5,000
- Provision for doubtful debts to be created for Rs. 1,000.
- Buildings to be appreciated by Rs. 16,000
- The final amount due to Mani is not paid immediately

Prepare revaluation account and capital account of partners after retirement.

(OR) (B) Explain any five applications of computerised accounting system.

47. (A) Sudha Ltd. offered 1,00,000 shares of Rs. 10 each to the public payable Rs. 3 on application, Rs. 4 on share allotment and the balance when required. Applications for 1,40,000 shares were received on which the directors allotted as:
- Applicants for 60,000 shares - Full
 - Applicants for 75,000 shares - 40,000 shares (excess money will be utilised for allotment)
 - Applicants for 5,000 shares - Nil
- All the money due was received. Pass journal entries upto the receipt of allotment.

(OR)

(B) From the following information, calculate trend percentages for Mullai Ltd.

PARTICULARS	Rs. in lakhs		
	2015-16	2016-17	2017-18
Revenue from operations	100	120	160
Other income	20	24	20
Expenses	20	14	40
Income tax	30%	30%	30%

SECOND REVISION TEST - ANSWER KEY – 2022-2023 (THANJAVUR)

XII STANDARD – ACCOUNTANCY – ENGLISH MEDIUM

DR.A.VENNILA

PRINCIPAL

**MYDEEN MATRIC. HR.SEC. SCHOOL
MELACAUVEY – KUMBAKONAM.**

CELL NO.: 8220179521

8608481579

Time Allowed : 3 Hours

Maximum Marks : 90

I. Choose the most suitable from the given four alternatives and write the option code and the corresponding answer

20 x 1 = 20

1	A	Total Debtors Account	11	C	To Adjust Goodwill
2	B	Statement of Assets and Liabilities	12	D	1:2
3	D	Sale proceeds of furniture	13	B	Capital Reserve Account
4	A	Revenue Expenditure	14	A	Rs.3 per share
5	C	Partners' Salary	15	B	Working Capital
6	C	Interest on Loan – Debited to Capital Account	16	D	Trend Analysis
7	D	Rs.60,000	17	B	(i) and (iv)
8	B	3	18	A	Ability to meet short term obligations
9	B	Sacrificing Ratio	19	C	Both (i) and (ii)
10	A	Gain	20	B	Outstanding Expenses

II. Answer any seven questions. Question No.30 is compulsory.

7 x 2 = 14

21) Accounts generally maintained by small sized sole trader when double entry accounting system is not followed.

- Generally cash account and the personal accounts of customers and creditors are maintained by small sized sole trader.
- When double entry accounting system is not followed.

22) Working Capital – Meaning:

- ♣ **Working capital statement or schedule of changes in working is prepared to disclose net changes in working capitals on two specific dates (generally two balance sheet dates).**
- ♣ **It is prepared from current assets and current liabilities.**
- ♣ **Working Capital = Current Assets – Current Liabilities**

23) Four examples for revenue receipts of not-for-profit organisation

1. Subscription
2. Interest on investment
3. Interest on fixed deposit
4. Sale of old sports material

24) Shares Forfeited – Meaning:

- When a shareholder defaults in making payment of allotment and/or call money, the shares may be forfeited.

➤

25) Calculation of Gaining Ratio

$$\text{Share gained} = \text{New share} - \text{Old share}$$

$$\text{Vinoth} = \frac{2}{3} - \frac{3}{10} = \frac{20-9}{30} = \frac{11}{30}$$

$$\text{Vimal} = \frac{1}{3} - \frac{2}{10} = \frac{10-6}{30} = \frac{4}{30}$$

Therefore, the gaining ratio of Vinoth and Vimal is $\frac{11}{30} : \frac{4}{30}$ that is **11:4**

26) Calculation of Bills receivable amount and compute the Bills received from the Debtors

Dr.

Bills receivable account

Cr.

Particulars	Rs.	Particulars	Rs.
To Balance b/d	1,40,000	By Cash A/c	3,90,000
To Debtors A/c (Bills received during the year) (B/F)	4,80,000	By Debtors A/c (Bills receivable dishonoured)	30,000
		By Balance c/d	2,00,000
	6,20,000		6,20,000

27) Calculation of Stationery Consumed:

In the books of Sirkazhi Singers Association

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

Expenditure	Rs.	Rs.	Income	Rs.	Rs.
<u>To Stationery consumed:</u>					
Opening stock	2,600				
Add: Purchases	<u>6,500</u>				
	9,100				
Less: Closing stock	<u>2,200</u>	6,900			

28) Calculation of Goodwill:

$$\text{Goodwill} = \text{Average profit} \times \text{Number of years of purchase}$$

$$\begin{aligned} \text{Average profit} &= \frac{\text{Total profit}}{\text{Number of years purchase}} \\ &= \frac{15,000 + 17,000 - 6,000 + 14,000}{4} \\ &= \frac{40,000}{4} = \text{Rs.10,000} \end{aligned}$$

$$\begin{aligned} \text{Goodwill} &= \text{Average profit} \times \text{Number of years of purchase} \\ &= 10,000 \times 5 = \text{Rs. 50,000} \end{aligned}$$

29) Journal Entry

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
2017 March 31	Reserve fund A/c Dr. To Mala's capital A/c (50,000 x 3/5) To Vimala's capital A/c (50,000 x 2/5) (Reserve fund transferred to old partners' capital account in the old profit sharing ratio)		50,000	30,000 20,000

30) Accounting Information system (AIS):

- ✎ Accounting Information (AIS) system is one of the system in MIS.
- ✎ It collects financial data (AIS) processes them and provides information to the various users.

PART - III**III. Answer any seven questions. Question No.40 is compulsory.****7 x 3 = 21****31) Differences between fixed capital method and fluctuating capital method**

Basis of distinction	Fixed capital method	Fluctuating capital 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. Closing balance	Capital account always shows a credit balance. But, current account may show either debit or credit balance.	Capital account generally shows credit balance. It may also show a debit balance.
3. 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.

32) The objectives of ratio analysis:

- To simplify accounting figures
- To facilitate analysis of financial statements
- To analyze the operational efficiency of a business
- To help in budgeting and forecasting.
- To facilitate intra firm and inter-firm comparison of performance.

33) Calculation of Goodwill:

$$\begin{aligned}
 \text{Average profit} &= \frac{\text{Total profit}}{\text{Number of years purchase}} \\
 &= \frac{20,000 + 17,000 + 23,000}{3} \\
 &= \frac{60,000}{3} = \text{Rs. } 20,000
 \end{aligned}$$

$$\begin{aligned}
 \text{Normal profit} &= \text{Capital employed} \times \text{Normal rate of return} \\
 &= 80,000 \times 15/100 = \text{Rs. } 12,000
 \end{aligned}$$

$$\begin{aligned}
 \text{Super profit} &= \text{Average profit} - \text{Normal profit} \\
 &= 20,000 - 12,000 = \text{Rs. } 8,000
 \end{aligned}$$

$$\begin{aligned}
 \text{Goodwill} &= \text{Super profit} \times \text{Number of years of purchase} \\
 &= 8,000 \times 2 = \text{Rs. } 16,000
 \end{aligned}$$

34)

Balance sheet as on 31st March, 2018

Liabilities	Rs.	Rs.	Assets	Rs.
Tournament fund	90,000		Tournament fund investment	90,000
Add: Interest received on Tournament fund investment	9,000			
Add: Donation for Tournament fund	<u>10,000</u>			
	1,09,000			
Less: Tournament Expenses	<u>60,000</u>	49,000		

35) Total amount withdrawn = $1,000 \times 12 = \text{Rs. } 12,000$

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

Average period = 6.5

Interest on drawings = Total amount of drawings \times Rate of interest \times Average Profit / 12

$$= 12,000 \times 12/100 \times 6.5/12 = \text{Rs.}325$$

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

Average period = 6

Interest on drawings = Total amount of drawings \times Rate of interest \times Average Profit / 12

$$= 12,000 \times 12/100 \times 6/12 = \text{Rs.}300$$

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

Average period = 5.5

Interest on drawings = Total amount of drawings \times Rate of interest \times Average Profit / 12

$$= 12,000 \times 12/100 \times 5.5/12 = \text{Rs.}275$$

36)

Journal Entries

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
	Stock A/c Investment A/c To Revaluation A/c (Increase in the value of stock and unrecorded investment accounted)	Dr. Dr.	5,000 7,000	12,000

Revaluation A/c To Office equipment A/c To Outstanding wages A/c (Reduction in the value of office equipment and provision of outstanding wages recorded)	Dr.	19,500	10,000 9,500
Sriram's capital A/c Raj's capital A/c To Revaluation A/c (Loss on revaluation transferred)	Dr. Dr.	5,000 2,500	7,500

Dr. Revaluation Account Cr.

Particulars	Rs.	Particulars	Rs.
To Office equipment A/c	10,000	Stock A/c	5,000
To Outstanding wages A/c	9,500	Investment A/c	7,000
		To Loss on revaluation transferred to	
		Sriram's capital A/c (2/3)	5,000
		Raj's capital A/c (1/3)	<u>2,000</u>
	19,500		7,500
			19,500

37) (a) Write off the entire amount of existing goodwill, that is Rs.40,000

Journal entry

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
2019 March 31	Naresh's capital A/c (40,000 × 2/5) Mani's capital A/c (40,000 × 2/5) Muthu's capital A/c (40,000 × 1/5) To Goodwill A/c (Existing goodwill written off)	Dr. Dr. Dr.	16,000 16,000 8,000	40,000

(b) Write off half of the amount of existing goodwill, that is Rs.20,000

Journal entry

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
2019 March 31	Naresh's capital A/c (20,000 × 2/5) Mani's capital A/c (20,000 × 2/5) Muthu's capital A/c (20,000 × 1/5) To Goodwill A/c (Existing goodwill written off)	Dr. Dr. Dr.	8,000 8,000 4,000	20,000

38) **Journal entry**

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
	Equity share capital A/c (20 × 6) Dr.		120	
	To Equity share allotment A/c (20 × 3)			60
	To Equity share first call A/c (20 × 1)			20
	To Forfeited share A/c (20 × 2) (Shares forfeited)			40

39) **Trade payables turnover ratio = $\frac{\text{Net Credit Purchases}}{\text{Average trade payables}} = \frac{1,00,000}{20,000} = 5 \text{ Times}$**

Average trade payables = $\frac{\text{Opening trade payables} + \text{Closing trade payables}}{2}$

= $\frac{(20,000 + 4,000) + (10,000 + 6,000)}{2} = 40,000 = \text{Rs. } 20,000$

Payment period = $\frac{\text{Number of days in a year}}{\text{Trade payable turnover ratio}} = \frac{365}{5} = 73 \text{ days}$

40) **Statement of affairs of Subha as on 31st March, 2019**

Liabilities	Rs.	Assets	Rs.
Bank overdraft	90,000	Cash in hand	90,000
Creditors	90,000	Debtors	2,80,000
Bills payable	2,00,000	Bills receivable	80,000
		Furniture	3,000
Capital (balancing figure)	4,23,000	Machinery	2,50,000
		Stock	1,00,000
	8,03,000		8,03,000

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

Particulars	Rs.
Closing capital as on 31.03.2019	4,23,000
Add: Drawings during the year	50,000
	4,73,000
Less: Additional capital introduced during the year	80,000
Adjusted closing capital	3,93,000
Less: Opening capital as on 01.04.2018	1,90,000
Profit made during the year ending 31.03.2019 (B/F)	2,03,000

PART - IV

IV. Answer all the questions.

7 x 5 = 35

41.a.

Common-size balance sheet of Sharmila Ltd and Sangeetha Ltd as on 31st March, 2019

Particulars	Sharmila Ltd		Sangeetha Ltd	
	Absolute amount Rs.	Percentage of total assets	Absolute amount Rs.	Percentage of total assets
I EQUITY AND LIABILITIES				
Shareholders' funds	5,00,000	50	11,00,000	55
Non-current liabilities	4,00,000	40	7,00,000	35
Current liabilities	1,00,000	10	2,00,000	10
Total	10,00,000	100	20,00,000	100
II ASSETS				
Non-current assets	6,50,000	65	18,00,000	90
Current assets	3,50,000	35	2,00,000	10
Total	10,00,000	100	20,00,000	100

Note: Computation of percentage for Total Assets

$\frac{5,00,000}{10,00,000} \times 100 = 50\%$	$\frac{11,00,000}{20,00,000} \times 100 = 55\%$
$\frac{4,00,000}{10,00,000} \times 100 = 40\%$	$\frac{7,00,000}{20,00,000} \times 100 = 35\%$
$\frac{1,00,000}{10,00,000} \times 100 = 10\%$	$\frac{2,00,000}{20,00,000} \times 100 = 10\%$

$\frac{10,00,000}{10,00,000} \times 100 = 100\%$	$\frac{20,00,000}{20,00,000} \times 100 = 100\%$
$\frac{6,50,000}{10,00,000} \times 100 = 65$	$\frac{18,00,000}{20,00,000} \times 100 = 90\%$
$\frac{3,50,000}{10,00,000} \times 100 = 35\%$	$\frac{2,00,000}{20,00,000} \times 100 = 10\%$
$\frac{10,00,000}{10,00,000} \times 100 = 100\%$	$\frac{20,00,000}{20,00,000} \times 100 = 100\%$

[OR]

41.b.

Dr. Total debtors account Cr.

Particulars		Particulars	
To Balance b/d	5,30,000	By Cash A/c (received)	12,50,000
To Sales A/c (credit)	13,85,000	By Discount allowed A/c	25,000
(balancing figure)		By Balance c/d	6,40,000
	19,15,000		19,15,000

Dr. Total creditors account Cr.

Particulars		Particulars	
To Cash A/c (paid)	11,00,000	By Balance b/d	3,70,000
To Discount received A/c	35,000	By Purchases A/c (credit)	11,85,000
To Balance c/d	4,20,000	(balancing figure)	
	15,55,000		15,55,000

In the books of Rakesh

Dr. Trading and Profit and loss account for the year ended 31st March, 2019 Cr.

Particulars		Particulars		
To Opening stock	2,20,000	By Sales		
To Purchases	11,85,000	Cash	20,000	
To Gross profit c/d	1,60,000	Credit	13,85,000	14,05,000
(Transferred to Profit & Loss A/C)		By Closing stock		1,60,000
	15,65,000			15,65,000
To Rent	1,20,000	By Gross profit b/d		1,60,000
To Discount allowed	25,000	By Discount received		35,000
To Net profit	50,000			
(Transferred to capital account)				
	1,95,000			1,95,000

Balance Sheet as on 31st March, 2019

Liabilities		Assets	
Capital	5,20,000	Cash	10,000
Less: Drawings	1,00,000	Debtors	6,40,000
	4,20,000	Machinery	80,000
Add: Net Profit	50,000	Stock	1,60,000
Sundry Creditors			
		4,70,000	
		4,20,000	
		8,90,000	8,90,000

42.a.

In the books of Cuddalore Kabaddi Association

Dr. Receipts and Payments Account for the year ended 31st March, 2017 Cr.

Receipts	Rs.	Rs.	Payments	Rs.
To Balance b/d			By Balance b/d	20,000
Cash in hand		11,000	Bank Overdraft	
To Dividend Received		3,000	By Stationery purchased	5,200
To Admission fees		4,000	To General Expenses	500
To Miscellaneous Income		350	By Travelling expenses	1,800
To Grant from Government		12,000	By Courier charges	2,000
To Endowment fund receipts		10,000	By Municipal taxes	3,000
			By Interest and bank charges	250
			By Upkeep of ground	550
			By Telephone charges	2,800
			By Insurance premium	2,000
			By Electricity Charges	5,000
To Balance c/d			By Balance c/d	
(Bank overdraft)		4,500	Cash in hand	1,750
		44,850		44,850

[OR]

42.b.

$$(i) \text{ Debt Equity Ratio} = \frac{\text{Long Term Debt}}{\text{Shareholders' Fund}} = \frac{3,00,000}{6,00,000} = 0.5 : 1$$

Long term debt = 8% Debentures = **Rs. 3,00,000**

Shareholders' funds = Equity share capital + Preference share capital + Reserves and surplus

$$= 2,50,000 + 2,00,000 + 1,50,000 = \text{Rs. 6,00,000}$$

$$(ii) \text{ Proprietary Ratio} = \frac{\text{Shareholders' Fund}}{\text{Total Assets}} = \frac{6,00,000}{12,00,000} = 0.5 : 1$$

$$(iii) \text{ Capital Gearing Ratio} = \frac{\text{Funds bearing fixed interest and fixed dividend}}{\text{Equity Shareholders' Fund}}$$

$$= \frac{5,00,000}{4,00,000} = 1.25 : 1$$

Funds bearing fixed interest or dividend = 6% Preference share capital + 8% Debentures
 = 2,00,000 + 3,00,000 = **Rs. 5,00,000**

Equity shareholders' funds = Equity share capital + Reserves and surplus
 = 2,50,000 + 1,50,000 = **Rs. 4,00,000**

43.a.

Dr. Partners' Capital Account Cr.

Date	Particulars	Arun Rs.	Selvam Rs.	Date	Particulars	Arun Rs.	Selvam Rs.
2018 Dec. 31	To Balance c/d	2,20,000	2,20,000	2018 Jan. 1	By Balance b/d	2,20,000	1,20,000
					By Bank (Additional capital)	---	70,000
		2,20,000	2,20,000			2,20,000	2,20,000
				2019 Jan 1	By Balance b/d	2,20,000	2,20,000

Dr.		Partners' Current Account				Cr.	
Date	Particulars	Arun Rs.	Selvam Rs.	Date	Particulars	Arun Rs.	Selvam Rs.
	To Balance b/d	4,250	---		By Balance b/d	---	10,000
	To Drawings	10,000	20,000		By Profit & Loss		
	To Interest on drawings	750	600		Appropriation A/c (Share of Profit)	22,000	15,000
	To Balance C/d	15,000	12,000		By Interest of Capital	1,100	750
					By Commission	6,900	---
					By Salary	---	6,850
		30,000	32,600			30,000	32,600
					By Balance b/d	15,000	12,000

[OR]

43.b.

$$(i) \text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Revenue from Operations}} \times 100 = \frac{4,000}{20,000} \times 100 = 20\%$$

$$\begin{aligned} \text{Gross profit} &= \text{Revenue from operations} - \text{Cost of revenue from operations} \\ &= 20,000 - 16,000 = \text{Rs. 4,000} \end{aligned}$$

$$\begin{aligned} \text{Cost of revenue from operations} &= \text{Purchase of stock-in-trade} + \text{Changes in inventory} + \text{Direct expenses} \\ &= 17,000 - 1,000 + 0 = \text{Rs. 16,000} \end{aligned}$$

$$(ii) \text{Net Profit Ratio} = \frac{\text{Net Profit after Tax}}{\text{Revenue from Operations}} \times 100 = \frac{1,500}{20,000} \times 100 = 7.5\%$$

$$(iii) \text{Operating Cost Ratio} = \frac{\text{Operating Cost}}{\text{Revenue from Operations}} \times 100 = \frac{18,400}{20,000} \times 100 = 92\%$$

$$\begin{aligned} \text{Operating cost} &= \text{Cost of revenue from operations} + \text{Operating expenses} \\ \text{Operating expenses} &= \text{Other expenses} = \text{Rs. 2,400} \\ \text{Operating cost} &= 16,000 + 2,400 = \text{Rs. 18,400} \end{aligned}$$

$$(iv) \text{Operating Profit Ratio} = \frac{\text{Operating Profit}}{\text{Revenue from Operations}} \times 100 = \frac{1,600}{20,000} \times 100 = 8\%$$

$$\text{Operating profit} = \text{Revenue from operations} - \text{Operating cost}$$

$$= 20,000 - 18,400 = \text{Rs. 1,600}$$

44.a. Calculation of Goodwill:

Calculation of adjusted profit

Particulars	2016 Rs.	2017 Rs.	2018 Rs.
Profit	46,000	44,000	50,000
Less: Non- recurring income	5,000	-	-
	41,000	44,000	50,000
Less: Over valuation of closing stock	-	10,000	-
	41,000	34,000	50,000
Add: Over valuation of opening stock	-	-	10,000
Profit after adjustments	41,000	34,000	60,000

$$\begin{aligned} \text{Average profit} &= \frac{\text{Total profit}}{\text{Number of years purchase}} \\ &= \frac{41,000 + 34,000 + 60,000}{3} \\ &= \frac{1,35,000}{3} = \text{Rs.45,000} \end{aligned}$$

$$\begin{aligned} \text{Goodwill} &= \text{Average profit} \times \text{Number of years of purchase} \\ &= 45,000 \times 2 = \text{Rs. 90,000} \end{aligned}$$

[OR]

44.b.

Dr.

Bills payable account

Cr.

Particulars	Rs.	Particulars	Rs.
To Cash A/c (bills paid)	30,000	By Balance b/d	25,000
To Balance c/d	20,000	By Sundry creditors A/c (Bills accepted) (B/F)	25,000
	50,000		50,000

Dr.

Total creditors account

Cr.

Particulars	Rs.	Particulars	Rs.
To Cash A/c (paid)	1,20,000	By Balance b/d	30,000
To Purchases return A/c	15,000	By Purchases A/c (credit) (B/F)	1,55,000
To Bills payable A/c	25,000		
To Balance c/d	25,000		
	1,85,000		1,85,000

$$\text{Total purchases} = \text{Cash purchases} + \text{Credit purchases}$$

$$= \text{Rs. } 2,25,000 + \text{Rs. } 1,55,000 = \text{Rs. } 3,80,000$$

45.a.

Capital Account							
Dr.				Cr.			
Particulars	Ameer ₹	Raja ₹	Rohit ₹	Particulars	Ameer ₹	Raja ₹	Rohit ₹
To Balance c/d	1,08,200	88,800	30,000	By Balance b/d	80,000	70,000	-
				By Bank A/c	-	-	30,000
				By Reserve fund A/c	9,000	6,000	-
				By Revaluation A/c	13,200	8,800	-
				By Bank A/c* (share of goodwill)	6,000	4,000	-
	1,08,200	88,800	30,000		1,08,200	88,800	30,000
				By Balance b/d	1,08,200	88,800	30,000

Cash at bank Account					
Dr.			Cr.		
Date	Particulars	₹	Date	Particulars	₹
	To Balance b/d	20,000		By Balance c/d	60,000
	To Rohit's capital A/c	30,000			
	To Ameer's capital A/c	6,000			
	To Raja's capital A/c	4,000			
		60,000			60,000

Balance Sheet as on 1st January 2019					
Liabilities	₹	₹	Assets	₹	₹
Capital accounts:			Machinery	60,000	
Ameer	1,08,200		Add: Appreciation	20,000	80,000
Raja	88,800		Furniture	40,000	
Rohit	30,000	2,27,000	Less: Depreciation	2,000	38,000
Creditors		35,000	Debtors		30,000
			Stock	10,000	
			Add: Appreciation	4,000	14,000
			Prepaid insurance		40,000
			Cash at bank		60,000
		2,62,000			2,62,000

[OR]

45.b.

Comparative balance sheet of Chandra Ltd as on 31st March 2016 and 31st March 2017

Particulars	2015-16 Rs.	2016-17 Rs.	Absolute amount of increase (+) or decrease (-)	Percentage increase (+) or decrease (-)
I EQUITY AND LIABILITIES				
Shareholders' fund	1,00,000	2,60,000	+1,60,000	+160
Non-current liabilities	50,000	60,000	+10,000	+20
Current liabilities	25,000	30,000	+5,000	+20
Total	1,75,000	3,50,000	+1,75,000	+100
II ASSETS				
Non-current assets	1,00,000	2,00,000	+1,00,000	+100
Current assets	75,000	1,50,000	+75,000	+100
Total	1,75,000	3,50,000	+1,75,000	+100

Note - 1 : Computation of percentage increase for revenue from operations= $\frac{\text{Absolute amount of increase or decrease}}{\text{Year 1 amount}} \times 100$

Year 1 amount

= $\frac{1,60,000}{3,00,000} \times 100 = 160\%$	= $\frac{1,00,000}{1,00,000} \times 100 = 100\%$
= $\frac{10,000}{50,000} \times 100 = 20\%$	= $\frac{75,000}{75,000} \times 100 = 100\%$
= $\frac{5,000}{25,000} \times 100 = 20\%$	= $\frac{1,75,000}{1,75,000} \times 100 = 100\%$
= $\frac{1,75,000}{1,75,000} \times 100 = 100\%$	

46.a.

Dr.		Revaluation Account		Cr.	
Particulars	₹	₹	Particulars	₹	
To Stock A/c		5,000	By Buildings A/c	16,000	
To Provision for doubtful debts A/c		1,000			
To Profit on revaluation transferred to					
Mani's capital A/c (4/10)	4,000				
Rama's capital A/c (3/10)	3,000				
Devan's capital A/c (3/10)	3,000	10,000			
		16,000		16,000	

Dr.		Capital Account						Cr.	
Particulars	Mani ₹	Rama ₹	Devan ₹	Particulars	Mani ₹	Rama ₹	Devan ₹		
To Mani's loan A/c	66,000			By Balance b/d	50,000	50,000	50,000		
To Balance c/d		62,000	62,000	By Revaluation A/c	4,000	3,000	3,000		
				By Profit and loss A/c	12,000	9,000	9,000		
	66,000	62,000	62,000		66,000	62,000	62,000		
				By Balance b/d		62,000	62,000		

[OR]

46. b. The applications of CAS are as follows:

1. Maintaining accounting records:

- ✓ In CAS, accounting records can be maintained easily and efficiently for long time period.
- ✓ It does not require a large amount of physical space.
- ✓ It facilitates fast and accurate retrieval of data and information.

2. Inventory management:

- ✓ CAS facilitates efficient management of inventory.
- ✓ Fast moving, slow moving and obsolete inventory can be identified.

3. Report generation:

- ✓ CAS helps to generate various routine and special purpose reports.

4. Data import/export:

- ✓ Accounting data and information can be imported from or exported to other users within the organisation as well as outside the organisation.

5. Taxation:

- ✓ CAS helps to compute various taxes and to deduct these and deposit the same to the Government account.

47.a)**In the books of Sudha Ltd.,****Journal entries**

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
	Bank A/c (1,40,000 x 3) Dr. To Equity share application A/c (Application money received)		4,20,000	4,20,000
	Equity share application A/c (1,00,000 x 3) Dr. To Equity share capital A/c (Transfer of share application money to share capital)		3,00,000	3,00,000
	Equity share application A/c (5,000 x 3) Dr. To Bank A/c (Excess share application money refunded)		15,000	15,000
	Equity share application A/c (35,000 x 3) Dr. To Equity share allotment A/c (Excess share application money refunded)		1,05,000	1,05,000
	Equity share allotment A/c (1,00,000 x 4) Dr. To Equity share capital A/c (Share allotment money due)		4,00,000	4,00,000
	Bank A/c (4,00,000 - 1,05,000) Dr. To Equity share allotment A/c (Allotment money received)		2,95,000	2,95,000

[OR]**47.b)****Trend analysis for Mullai Ltd**

Particulars	in thousands			Trend percentages		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Revenue from operations	100	120	160	100	120	160
Add: Other income	20	24	20	100	120	100
Total revenue	120	144	180	100	120	150
Less: Expenses	20	14	40	100	70	200
Profit before tax	100	130	140	100	130	140
Less: Income tax (30%)	30	39	42	100	130	140
Profit after tax	70	91	98	100	130	140

Note: Computation of trend percentage for revenue from operations:

For 2016-17	For 2017-18
: $\frac{120}{100} \times 100 = 120\%$: $\frac{160}{100} \times 100 = 160\%$
: $\frac{24}{20} \times 100 = 120\%$: $\frac{20}{20} \times 100 = 100\%$
: $\frac{144}{120} \times 100 = 120\%$: $\frac{180}{120} \times 100 = 150\%$
: $\frac{14}{20} \times 100 = 70\%$: $\frac{40}{20} \times 100 = 200\%$
: $\frac{130}{100} \times 100 = 130\%$: $\frac{140}{100} \times 100 = 140\%$
: $\frac{39}{30} \times 100 = 130\%$: $\frac{42}{30} \times 100 = 140\%$
: $\frac{91}{70} \times 100 = 130\%$: $\frac{98}{70} \times 100 = 140\%$

***** All The Best *****