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XII – BATCH -1

ACCOUNTANCY

TOTALMARKS: 90

TIME:2.30 hrs.

PART - I

Choose The Suitable Answer

20 X 1 = 20

1. When only closing and opening capital is greater than opening capital it denotes:
 - a) Loss
 - b) None
 - c) Profit
 - d) Profit if there is no introduction of fresh capital
2. Following are the limitations of Incomplete Records except
 - a) Under this system no real and nominal accounts are maintained
 - b) his methods is highly flexible because it can be adjusted according to the need of the organization
 - c) it is not possible to prepare a balance sheet showing the true financial position of the business.
 - d) incomplete method of maintaining the accounting records.
3. In the Income and Expenditure Account, all revenues expenses are entered on the -----
 - a) Left-hand side.
 - b) Liability side.
 - c) Right-hand side
 - d) Asset side.
4. Which of the following is an example of a Non-Profit organisation?
 - a) Corporations
 - b) Audit Firms
 - c) Insurance Companies
 - d) Public Hospitals.
5. In the absence of a partnership deed, partners are not entitled to receive _____.
 - (a) Commission
 - (b) Interest on Capital
 - (c) Salaries
 - (d) All of the above
6. Partnership deed is also called _____.
 - (a) Articles of Association
 - (b) Principles of Partnership
 - (c) Articles of Partnership
 - (d) Prospectus
7. Weighted average method of calculating goodwill is used when
 - a) Profits are not equal
 - b) Profits show an increasing or decreasing trend
 - c) Profits are Fluctuating
 - d) None of the Above
8. When there is a change in the current partners' association that results in ending the existing agreement and initiate a formation of a new agreement is known as
 - a) Revaluation of Partnership
 - b) Reconstitution of Partnership
 - c) Realisation of Partnership
 - d) None of the Above
9. Sacrificing ratio is used to distributein case of admission of a partner
 - a) Reserves
 - b) Goodwill
 - c) Revaluation Profit
 - d) Balance in Profit and Loss Account
10. In the case of admission of a partner, the entry for unrecorded investments will

be

- a) Debit Partner Capital A/cs and Credit Investment A/c
- b) Debit Revaluation A/cs and Credit Investment A/c
- c) Debit Investment A/cs and Credit Revaluation A/c
- d) None of the above

11. Retiring partner is compensated for parting with the firm's future profits in favour of remaining partners. The remaining partners contribute to such compensation amount in

- a) Gaining Ratio
- b) Capital Ratio
- c) Sacrificing Ratio
- d) Profit-Sharing Ratio

12. On the death of a partner, the amount due to him will be credited to :

- (a) All partner's Capital Accounts
- (b) Remaining partner's Capital Accounts
- (c) His Executor's Account
- (d) Governments' Revenue Account

13. **Assertion (A)** : Authorised capital is the maximum amount of capital which a company is authorized to raise and is stated in the Memorandum of Association.

Reason (R): It can also be called as "Preference Capital:

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
- (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
- (c) (A) is true , but (R) is false
- (d) (A) is false , but (R) is true

14. Which of the following are techniques, tools or methods of analysis and interpretation of financial statements?

- a) Ratio Analysis
- b) Average Analysis
- c) Trend Analysis
- d) All of the above

15. Expenses for a business for the first year were Rs.80,000. In the second year, it was increased to Rs. 88,000. What is the trend percentage in the second year?

- a) 10 %
- b) 110 %
- c) 90 %
- d) 11%

16. The _____ of a business firm is measured by its ability to satisfy its short-term obligations as they become due.

- a) Liquidity
- b) Debt
- c) Profitability
- d) Activity

17. Equity or Shareholders fund is equal to _____.

- a) Equity share capital + Preference share capital.
- b) Equity share capital + Revenues and Surplus.
- c) Equity share capital + Preference share capital + Revenues and Surplus.
- d) None of the options are correct.

18. Which option used in Tally to make changes in created company?

- a) Select Company b) Shute Company c) Alter d) None of these

19. James and Kamal are sharing profits and losses in the ratio of 5:3. They admit

Sunil as a partner giving him $\frac{1}{5}$ share of profits. Find out the sacrificing ratio.

- (a) 1:3 (b) 3:1 (c) 5:3 (d) 3:5

20. There are 500 members in a club each paying Rs. 100 as annual subscription. Subscription due but not received for the current year is Rs. 200; Subscription received in advance is Rs. 300. Find out the amount of subscription to be shown in the income and expenditure account.

- a) Rs. 50,000 b) Rs. 50,200 c) Rs. 49,900 d) Rs. 49,800

PART - II

Answer any Seven Questions: Question No: 30 is compulsory

7 X 2 = 14

21. Can a limited company maintain its accounts under single entry system?

22. Compute capital fund of Karur Social Club as on 31.03.2018.

Particulars as on 31.03.2018	Rs.
Furniture	50,000
Buildings	40,000
Subscription outstanding for 2017-18	10,000
Subscription received in advance for 2018-19	5,000
Loan borrowed	10,000
Investments	20,000
Cash in hand	4,000
Cash at bank	6,000

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

Year	Profit	Weight
2016	20,000	1
2017	24,000	2
2018	32,000	3
2019	36,000	4

24. Hameed and Govind are partners sharing profits and losses in the ratio of 5:3. They admit John as a partner. John acquires his share $\frac{1}{5}$ from Hameed and $\frac{1}{5}$ from Govind. Find out the new profit sharing ratio and sacrificing ratio.

25. What is gaining ratio?

26. Write a note on Donation.

Kindly send me your questions and answerkeys to us : Padasalai.Net@gmail.com

27. 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.
28. What is the division of share capital?
29. What is Accounting Information System (AIS)?
30. Common size statement is also known as 100% statement. Do you agree?.

PART - III

Answer any Seven Questions: Question No: 40 is compulsory

7 X 3 = 21

31. State any six factors determining goodwill.
32. From the following receipts and payments account of Tenkasi Thiruvalluvar Manram, prepare income and expenditure account for the year ended 31st March, 2019.

Receipts Rs.		Payments Rs.	
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	16,000	By Balance c/d	
(Book value: Rs. 17,000)		Cash in hand	10,000
	1,45,000		1,45,000

33. Kumar is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 6% per annum. During the year ended 31st December, 2018 he withdrew as follows:

Date	Rs.
March 1	4,000
June 1	4,000
September 1	4,000
December 1	4,000

34. From the following information, find out the value of goodwill by capitalisation method:
- (a) Average profit = Rs. 60,000
- (b) Normal rate of return = 10%
- (c) Capital employed = Rs. 4,50,000
35. From the following particulars of Maria Ltd. and Kala Ltd. prepare a common-size income statement for the year ended 31st March, 2019.

Particulars	Mariva Ltd	Kala Ltd
	Rs.	Rs.
Revenue from operations	1,00,000	2,00,000
Other income	10,000	30,000
Expenses	70,000	1,20,000

36. Hari, Madhavan and Kesavan are partners, sharing profits and losses in the ratio of 5:3:2. 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.
- Pass journal entries.

37. From the given information calculate the inventory turnover ratio and inventory conversion period (in months) of Sania Ltd.

Particulars	Rs.
Revenue from operations	1,90,000
Inventory at the beginning of the year	40,000
Inventory at the end of the year	20,000
Purchases made during the year	90,000
Carriage inwards	10,000

38. Prepare common-size balance sheet of Maria Ltd. as on 31st March, 2018.

Particulars	31st March 2018
	Rs.
I EQUITY AND LIABILITIES	
Shareholders' funds	4,00,000
Non-current liabilities	3,20,000
Current liabilities	80,000
Total	8,00,000
II ASSETS	
Non-current assets	6,00,000

Current assets	2,00,000
Total	8,00,000

39. On 1st April 2018 Subha started her business with a capital of Rs. 1,20,000. She did not maintain proper book of accounts. Following particulars are available from her books as on 31.3.2019.

Particulars	Rs.	Particulars	Rs.
Bank overdraft	50,000	Stock-in-trade	1,60,000
Debtors	1,80,000	Creditors	90,000
Bills receivable	70,000	Bills payable	2,40,000
Computer	30,000	Cash in hand	60,000
Machinery			3,00,000

40. Write a brief note on Limited Liability Partnership.

PART - IV

Answer any Flowing Questions:

7 X 5 = 35

41. A) Ananth does not keep his books under double entry system. Find the profit or loss made by him for the year ending 31st March, 2019.

Particulars	31.3.2018	31.3.2019
Cash at bank	5,000(Dr)	60,000 (Cr)
Cash in hand	3,000	4,500
Stock of goods	35,000	45,000
Sundry debtors	1,00,000	90,000
Plant and machinery	80,000	80,000
Land and building	1,40,000	1,40,000
Sundry creditors	1,70,000	1,30,000

Ananth had withdrawn Rs. 60,000 for his personal use. He had introduced Rs. 17,000 as capital for expansion of his business. Create a provision of 5% on debtors. Plant and machinery is to be depreciated at 10%.

OR

B) Mayiladuthurai Recreation Club gives you the following details. Prepare Receipts and Payments account for the year ended 31st March, 2019.

Particulars	Amount	Particulars	amount
Opening cash balance	15,000	Salary of watchman	12,000
Opening bank balance	25,000	Club annual day expenses	15,000
Donation received	48,000	Lighting charges	16,500
Sale of old equipment	26,000	Entertainment expenses	13,500
Refreshment charges	13,000	Billiards table purchased	5,000
Club annual day collection	18,000	Expenses of charity show	3,000
Construction of tennis court	7,000	Sale of investments	12,000
Receipts from charity show	4,000	Closing cash balance	12,000
Rent paid	1,000		

42. A) Dinesh and Sugumar entered into a partnership agreement on 1st January 2018, Dinesh contributing Rs. 1,50,000 and Sugumar Rs. 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: Rs. 3,600 and Sugumar: Rs. 2,200
- d. Dinesh to receive a salary of Rs. 60,000 for the year, and
- e. Sugumar to receive a commission of Rs. 80,000

During the year ended on 31st December 2018, the firm made a profit of Rs. 2,20,000 before adjustment of interest, salary and commission. Prepare the Profit and loss appropriation account.

OR

B) From the following information, calculate the value of goodwill under annuity method:

- (i) Average profit Rs. 14,000
- (ii) Normal Profit Rs. 4,000
- (iii) Normal rate of return 15%
- (iv) Years of purchase of goodwill 5

Present value of Rs. 1 for 5 years at 15% per annum as per the annuity table is 3.352

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

Liabilities	Amount	Amount	Assets	Amount
Capital account:			machinery	60.000
Ameer	80.000		furniture	40.000
Raia	70.000	1.50.000		
Reserve fund		15.000	Debtors	30.000
Sundry creditors		35.000	stock	10.000
			Prepaid insurance	40.000
			Cash at bank	20.000
		2.00.000		2.00.000

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

- (i) Suriya brings Rs. 10,000 as capital for 1/4 share of profit.
- (ii) Stock to be depreciated by 10%
- (iii)Debtors to be revalued at Rs. 7,500.
- (iv)Furniture to be revalued at Rs. 40,000.
- (v) There is an outstanding wages of Rs. 4,500 not yet recorded.

Prepare revaluation account, partners' capital account and the balance sheet of the firm after admission.

OR

B) Varsha, Shanthi and Madhuri are partners, sharing profits in the ratio of 5:4:3. Their balance sheet as on 31st December 2017 is as under:

Liabilities	Amount	Amount	Assets	Amount
Capital account:			premises	1,20,000
Varsha	80,000		stock	40,000
Shanthi	60,000		debtors	50,000
madhuri	20,000	1,60,000		
Reserve fund		48,000	Cash at bank	18,000
Sundry creditors		32,000	Profit and loss a/c(loss)	12,000
		2,40,000		2,40,000

On 1.1.2018, Madhuri died and on her death the following arrangements are made:

- (i) Stock to be depreciated by Rs. 5,000
- (ii) Premises is to be appreciated by 20%
- (iii) To provide Rs.4,000 for bad debts
- (iv) The final amount due to Madhuri was not paid

Prepare revaluation account, partners' capital account and the balance sheet of the firm after death.

44. A) Lalitha Ltd. offered 30,000 equity shares of Rs. 10 each to the public payable Rs. 2 per share on application, Rs. 3 on share allotment and the balance when required. Applications for 50,000 shares were received on which the directors allotted as:

Applicants for 10,000 shares - Full

Applicants for 35,000 shares - 20,000 shares (excess money will be utilised for allotment)

Applicants for 5,000 shares - Nil

All the money due was received. Pass journal entries up to the receipt of allotment

OR

B) From the following particulars, calculate the trend percentages of Kumar Ltd.

Particulars	In thousands		
	2015-16	2016-17	2017-18
Revenue from operation	100	125	150
Other income	20	25	30
expenses	100	120	80
Income tax	30%	30%	30%

45. (A) Calculate operating profit ratio under the following cases.

Case 1: Revenue from operations Rs. 8,00,000, Operating profit Rs. 2,00,000.

Case 2: Revenue from operations Rs. 20,00,000, Operating cost Rs. 14,00,000.

Case 3: Revenue from operations Rs. 10,00,000, Gross profit 25% on revenue from operations, Operating expenses Rs. 1,00,000

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

Particulars	Amount
I. Revenue from operation	4,00,000
II. Other income: Income from investments	4,000
III. Total revenues (I + II)	4,04,000
IV. Expenses: Purchse of stok in trade	2,10,000
Changes in ivestments	30,000
Finance costs	24,000
Other expenses(administartion and selling)	60,000
Total expenses	3,24,000
V. Profit before tax (III - IV)	80,000

46. (A) Anand and Narayanan are partners in a firm sharing profits and losses in the ratio of 5:3. On 1st January 2018, their capitals were Rs. 50,000 and Rs. 30,000 respectively. The partnership deed specifies the following:

- Interest on capital is to be allowed at 6% per annum.
- Interest on drawings charged to Anand and Narayanan are Rs. 1,000 and Rs. 800 respectively.
- The net profit of the firm before considering interest on capital and interest on drawings amounted to Rs. 35,000.

Give necessary journal entries and prepare profit and loss appropriation account as on 31st December 2018. Assume that the capitals are fluctuating.

OR

B) From the following balance sheets of Brindha and Praveena who share profits and losses in the ratio of 3:4, calculate interest on capital at 6% p.a. for the year ending 31st December 2017.

Balance sheet as on 31st December 2017

LiabilitiesRs.		AssetsRs.	
Capital accounts:		Sundry assets	80,000
Brindha	30,000		
Praveena	40,000		
Profit and loss appropriation A/c	10,000		
	0		
	80,000		80,000

On 1st July 2017, Brindha introduced an additional capital of Rs. 6,000 and on 1st October 2017, Praveena introduced Rs. 10,000. Drawings of Brindha and Praveena during the year were Rs. 5,000 and Rs. 7,000 respectively. Profit earned during the year

was Rs. 31,000.

47. A) Compute trend percentage for the following particulars of Boomi Ltd.

Particulars	Rs in lakhs		
	Year 1	Year 2	Year 3
I EQUITY AND LIABILITIES			
1. Share holders' fund			
a) Share capital	200	254	212
b) Reserves and surplus	60	60	90
2. Non-current liabilities			
Long-term borrowings	140	154	168
3. Current liabilities			
Trade payables	40	60	80
Total	440	528	550
II ASSETS			
1. Non-current assets			
a) Fixed assets	200	236	206
b) Non-current investments	80	100	120
2. Current assets			
Inventories	120	132	144
Cash and cash equivalents	40	60	80
Total	440	528	550

OR

B) The following balance sheet has been prepared from the books of Pearl on 1-4-2018.

Liabilities		Assets	
Capital	1,60,000	Buildings	40,000
Sundry creditors:		Furniture	20,000
Maya A/c	20,000	Stock	10,000
		Sundry debtors	
		Peter	20,000
		Cash in hand	30,000
		Cash at bank	60,000
	1,80,000		1,80,000

During the year the following transactions took place.

- (a) Wages paid by cash ` 4,000 (b) Salaries paid by cheque ` 10,000
(c) Cash purchases made for ` 4,000 (d) Good purchased on credit from Yazhini ` 30,000
(e) Goods sold on credit to Jothi ` 40,000