

DIRECTORATE OF GOVERNMENT EXAMINATIONS, CHENNAI-6
HSC SECOND YEAR EXAMINATION- MARCH/ APRIL -2023
ACCOUNTANCY KEY ANSWER

- NOTE:** 1. Answers written with Blue or Black ink only to be evaluated.
 2. Choose the correct answer and write with option code.

MAXIMUM MARKS : 90

PART - I

20×1=20

I. Choose the correct answer					
A Type			B Type		
1	A	2:3	1	b	Company Features
2	c	6% per annum	2	a	Liabilities
3	c	Rs. 3,00,000	3	a	2:3
4	D	Working capital	4	c	Gain
5	b	Goodwill is an intangible asset	5	d	Working capital
6	A	15	6	c	Life membership fees
7	a	6 times	7	a	Partner's salary
8	d	Capital reserve account	8	a	Retiring partner's Loan A/c
9	a	Company features	9	b	Rs. 30,000
10	b	Capital account of all the partners	10	d	Withdrawal of cash from bank for office use
11	b	Rs. 30,000	11	d	Long term solvency
12	d	Long term solvency	12	c	The sacrificing partners
13	D	Withdrawal of cash from bank for office use	13	a	6 times
14	a	Gain	14	a	15
15	a	Liabilities	15	d	Capital Reserve account
16	c	Life Membership fees	16	a	Rs. 10,000
17	a	Retiring partner's Loan A/c	17	b	Goodwill is an intangible asset
18	a	The sacrificing partner	18	c	6% per annum
19	A	Partner's salary	19	b	Capital account of all the partners
20	a	Rs. 10,000	20	c	Rs. 3,00,000

PART - II																				
Answer any SEVEN Questions in which question No.30 is compulsory																				
21.	1.Cash account 2.Personal account	2																		
22.	1. Honorarium 2. Charity 3. Audit fees 4. Purchase of sports materials 5. Printing and Stationary 6. Postage and courier charges 7. Expenses relating to a)Tournament, B)Sports, c) Matches, d)Entertainments, e)Dinner (Any 4) (Mark to be awarded for any other revenue expenditure)	$4 \times \frac{1}{2} = 2$																		
23.	1. When there is a change in the profit sharing ratio 2. When a new partner is admitted into a firm 3. When an existing partner retires from the firm or when a partner dies 4. When a partnership firm is dissolved (Any 2)	$2 \times 1 = 2$																		
24.	Deceased partner's capital A/c Dr To Deceased partner's executor A/c	2																		
25.	When the number of shares applied for is more than the number of shares offered for subscription, it is said to be over subscription.	2																		
26.	Quick ratio gives the proportion of quick assets to current liabilities.	2																		
27.	1. Day books/Journal 2. Ledger 3. Trial balance 4. Income statement 5. Balance sheet 6. Cash flow statement (Any 5)	2																		
28.	Statement of the profit or loss for the year ended 31 Dec 2021 <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>particulars</th> <th>Rs</th> </tr> </thead> <tbody> <tr> <td>31.12.2021 capital</td> <td>3,60,000</td> </tr> <tr> <td>Add: Drawings</td> <td>50,000</td> </tr> <tr> <td></td> <td>4,10,000</td> </tr> <tr> <td>Less: Additional capital</td> <td>20,000</td> </tr> <tr> <td>Adjusted closing capital</td> <td>3,90,000</td> </tr> <tr> <td>Less: 1.1.2021 Capital</td> <td>2,60,000</td> </tr> <tr> <td>Profit</td> <td>1,30,000</td> </tr> <tr> <td colspan="2">(for any other methods mark to be awarded)</td> </tr> </tbody> </table>	particulars	Rs	31.12.2021 capital	3,60,000	Add: Drawings	50,000		4,10,000	Less: Additional capital	20,000	Adjusted closing capital	3,90,000	Less: 1.1.2021 Capital	2,60,000	Profit	1,30,000	(for any other methods mark to be awarded)		2
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(for any other methods mark to be awarded)																				
29.	Interest on drawings = Total drawings \times Rate of interest \times $\frac{\text{Average period}}{12}$ Total drawings = 12,000 \times 2 = 24,000 = 24,000 \times $\frac{10}{100}$ \times $\frac{9}{12}$ = Rs. 1,800 (for any other methods mark to be awarded)	1 1																		

30	No. of Years of purchase = $\frac{1,20,000}{40,000} = 3 \text{ Years}$ (for any other methods mark to be awarded)	2
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PART - III

Answer any SEVEN Questions in which question No.40 is compulsory.

7×3=21

Q.No	CONTENT	MARKS
31.	1. Recording of transactions 2. Type of accounts maintained 3. Preparation of trial balance 4. Determination of true profit or loss 5. Determination of financial position 6. Suitability 7. Reliability 8. Acceptability (any 3 with explanation)	3
32.	1) Honorarium - Revenue 2) Purchase of sports equipment - Capital 3) Purchase of books for library - Capital	1 1 1
33	Interest on capital= Amount of capital × Rate of interest per annum × period of interest Interest on Antony's capital Opening capital = $60,000 \times \frac{6}{100} = \text{Rs. } 3,600$ Additional capital = $10,000 \times \frac{6}{100} \times \frac{9}{12} = \text{Rs. } 450$ Interest on capital = Rs. 4,050 Interest on Akbar's capital: Opening capital = $40,000 \times \frac{6}{100} = \text{Rs. } 2,400$ Additional capital = $5,000 \times \frac{6}{100} \times \frac{6}{12} = \text{Rs. } 150$ Interest on capital = <u>Rs. 2,550</u>	3
34	1. Profitability of the firm 2. Favourable location of the business enterprise 3. Good quality of goods or services offered 4. Tenure of the business enterprise 5. Efficiency of management 6. Degree of competition 7. Other factors (Any 6)	6×1/2=3

35	a)	Date	Particulars	Debit Rs.	Credit Rs.	1	1 <hr/> 2
		1.4.2018	Sam capital a/c Jose capital a/c To Goodwill A/c (Existing goodwill written off)	12,000 8,000	20,000		
		Date	Particulars	Debit Rs.	Credit Rs.	1	1 <hr/> 2
		1.4.2018	Sam capital a/c Jose capital a/c To Goodwill A/c (Existing goodwill written off to extent of 10,000)	6,000 4,000	10,000		
36	The excess amount paid over the called up value of a share is known as calls in advance. It is the excess money paid on application or allotment or calls. Such excess amount can be returned or adjusted towards future payment. (some related explanation give marks)					3	
37	Common-size income statement of kumar Ltd						3
	Particulars	Amount	Percentage of revenue from operations				
	Revenue from operations	5,00,000	100				
	Add: Other income	20,000	4				
	Total revenue	5,20,000	104				
Less: Expenses	3,00,000	60					
Profit before tax	2,20,000	44					
38	Date	Particulars	Debit	Credit	3		
	31.3.2017	General reserve A/c Dr To vivin's capital A/c To Harish's capital A/c To Joy's capital A/c (General reserve transferred to all partner's account)	60,000	20,000 20,000 20,000			
39	<ol style="list-style-type: none"> 1. Receipt Voucher 2. Payment Voucher 3. Contra Voucher 4. Purchase Voucher 5. Sales Voucher 					3	

	6. Journal Voucher	
40	1.Inventory take some time to sale. 2. Prepaid expenses paid in advance (or) cannot easily convertible into cash	3

PART -IV

Answer all the Questions:

Q.No	CONTENT	MARKS																																
41 a)	<p style="text-align: center;">Statement of affairs of Subha 31.03.2019.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Liabilities</th> <th style="width: 10%;">Rs</th> <th style="width: 30%;">Assets</th> <th style="width: 10%;">Rs</th> </tr> </thead> <tbody> <tr> <td>Bank over draft</td> <td style="text-align: right;">50,000</td> <td>Debtors</td> <td style="text-align: right;">1,80,000</td> </tr> <tr> <td>Creditors</td> <td style="text-align: right;">90,000</td> <td>Bills receivable</td> <td style="text-align: right;">70,000</td> </tr> <tr> <td>Bills payable</td> <td style="text-align: right;">2,40,000</td> <td>Computers</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td>Capital (Balancing figure)</td> <td style="text-align: right;">4,20,000</td> <td>Machinery</td> <td style="text-align: right;">3,00,000</td> </tr> <tr> <td></td> <td></td> <td>Stock in trade</td> <td style="text-align: right;">1,60,000</td> </tr> <tr> <td></td> <td></td> <td>Cash in hand</td> <td style="text-align: right;">60,000</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">8,00,000</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">8,00,000</td> </tr> </tbody> </table>	Liabilities	Rs	Assets	Rs	Bank over draft	50,000	Debtors	1,80,000	Creditors	90,000	Bills receivable	70,000	Bills payable	2,40,000	Computers	30,000	Capital (Balancing figure)	4,20,000	Machinery	3,00,000			Stock in trade	1,60,000			Cash in hand	60,000		8,00,000		8,00,000	3
	Liabilities	Rs	Assets	Rs																														
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		Revaluation Account									
		Particular		Rs	Particulars		Rs				
41 b)	To Stock			2,000	By Building			5,000	1		
	To Furniture			100							
	To Debtors			800							
	To profit on revaluation										
	Rajan capital A/c	1,575									
	Selva capital A/c	<u>525</u>			2,100						
				5,000			5,000				
		Capital Account									
		Particulars	Rajan	Selva	Ganesan	Particulars	Rajan	Selvan	Ganesan		
41 b)	To Profit and Loss a/c	7,500	2,500	--		By Balance b/d	30,000	16,000	--	2	
						By Bank a/c	--	--	10,000		
						By Revaluation a/c	1,575	575	--		
	To Balance c/d	27,075	15,025	10,000		By General reserve	3,000	1,000	--		
			34,575	17,525	10,000		34,575	17,525	10,000		
		Balance Sheet as on 1.04.2017									
		Liabilities		Rs	Rs	Assets		Rs	Rs		
41 b)	Capital a/c					Building	25,000			2	
	Rajan	27,075				Add: Appreciation	5,000	30,000			
	Selva	15,025				Furniture	1,000				
	Ganesan	10,000	52,100			Less: Depreciation	100	900			
	Creditors		37,500			Stock	20,000				
						Less: Depreciation	2,000	18,000			
						Debtors	16,000				
						Less: Doubtfull debts	800	15,200			
						Bills receivable		3,000			
						Cash at bank					
					Add: Ganesan capital	12,500					
						<u>10,000</u>	22,500				
			89,600				89,600				
		Bills receivable account									
		Particular		Rs	Particulars		Rs				
42 a)	To Balance b/d			60,000	By Cash a/c			1,60,000	2		
	To Debtors a/c			2,05,000	By Debtors a/c			15,000			
					Balance c/d			90,000			
				2,65,000				2,65,000			

		Total Debtors account																							
		Particulars	Rs	Particulars	Rs																				
		To Balance b/d	2,50,000	By Cash a/c	7,25,000	2																			
		To Bills receivable a/c	15,000	By Bad debts a/c	30,000																				
		To Sales a/c (Credit) (Balancing figure)	9,85,000	By Returns inwards a/c	50,000																				
				By Bills receivable a/c	2,05,000																				
				By Balance c/d	2,40,000																				
			12,50,000		12,50,000																				
		Total Sales = 9,85,000 + 3,15,000 = 13,00,000				1																			
42 b)		1. Maintaining accounting records 2. Inventory management 3. Pay roll preparation 4. Report generation 5. Data import/export 6. Taxation (Any 5 with explanation)				5																			
		In the books of Trichy Educational Society Receipts and Payments Account for the Year ended 31.12.2018.																							
		Receipts	Rs	Payments	Rs																				
		To Balance b/d		By Investment made	80,000	5																			
		Cash in hand	20,000	By honorarium paid	3,000																				
		To Donation received	80,000	By Audit fees	2,000																				
		To locker rent received	12,000	By General reserve	7,000																				
		To Sale of furniture	5,000	By Postage	1,000																				
		To Subscription	10,000	By Balance c/d Cash in hand	34,000																				
			1,27,000		1,27,000																				
43 a)																									
		<table border="1"> <thead> <tr> <th></th> <th>Date</th> <th>Particulars</th> <th>Debit</th> <th>Credit</th> </tr> </thead> <tbody> <tr> <td rowspan="2">i)</td> <td></td> <td>Machinery a/c Dr To Jagan Traders a/c (Purchase of machinery)</td> <td>6,00,000</td> <td>6,00,000</td> </tr> <tr> <td></td> <td>Jagan Traders a/c Dr To Equity share capital a/c (Issue of 60,000 shares of Rs. 10 each fully paid)</td> <td>6,00,000</td> <td>6,00,000</td> </tr> <tr> <td rowspan="2">ii)</td> <td></td> <td>Machinery a/c Dr To Jagan Traders a/c (Purchase of machinery)</td> <td>6,00,000</td> <td>6,00,000</td> </tr> </tbody> </table>					Date	Particulars	Debit	Credit	i)		Machinery a/c Dr To Jagan Traders a/c (Purchase of machinery)	6,00,000	6,00,000		Jagan Traders a/c Dr To Equity share capital a/c (Issue of 60,000 shares of Rs. 10 each fully paid)	6,00,000	6,00,000	ii)		Machinery a/c Dr To Jagan Traders a/c (Purchase of machinery)	6,00,000	6,00,000	1 2 <hr/> 2
	Date	Particulars	Debit	Credit																					
i)		Machinery a/c Dr To Jagan Traders a/c (Purchase of machinery)	6,00,000	6,00,000																					
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	43 b)						1 2 <hr/> 2																		

45 a)	i)	31.03.2019	Naresh capital a/c Dr Mani capital a/c Dr Muthu capital a/c Dr To goodwill a/c (Existing goodwill written off)	16,000 16,000 8,000		40,000	1 2 <hr/> 2		
	ii)		Naresh capital a/c Dr Mani capital a/c Dr Muthu capital a/c Dr To goodwill a/c (Half off the existing goodwill written off)	8,000 8,000 4,000		20,000	1 2 <hr/> 2		
Trend Analysis for Kurinji Ltd									
45 b)	Particulars		2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	5
	Revenue from operations		120	132	156	100	110	130	
	Add: Other income		50	38	65	100	76	130	
	Total revenue		170	170	221	100	100	130	
	Less: Expenses		100	135	123	100	135	123	
Profit		70	35	98	100	50	140		
46 a)	1.Number of accounts 2.Change in capital 3.Closing balance 4.Adjustments (with explanation)							5	
Calculation of adjusted profit									
46 b)	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					
		1,35,000							
Average profit =		$\frac{1,35,000}{3}$			= Rs. 45,000			1	
Goodwill		= Average profit × Number of years of purchase						1	
		= 45,000 × 2 = Rs. 90,000						1	

		In the books of Progress Ltd Journal entries				
Date	Particular		Debit	Credit		
	Bank A/c Dr To Equity share capital A/c (Application money received)		60,000	60,000		
	Equity share application A/c Dr To Equity share capital A/c (Transfer of share money to share capital)		60,000	60,000		
	Equity share allotment A/c Dr. To Equity share capital A/c (Share allotment money due)		1,20,000	1,20,000	5	
	Bank A/c Dr. To Equity share allotment A/c (Allotment money received)		1,20,000	1,20,000		
47 a)	Equity share first call A/c Dr. To Equity share capital A/c (Share first call money due)		60,000	60,000		
	Bank A/c Dr To Equity share first call A/c (Share first call money received)		60,000	60,000		
	Equity share second & final call A/c Dr. To Equity share capital A/c (Share second & final call money due)		60,000	60,000		
	Bank A/c Dr. To Equity share second & final call A/c (Share second & final call money received)		60,000	60,000		
(If journal entry alone is correct , 2 marks can be awarded)						
47 b)	1) Current ratio = $\frac{\text{Current assets}}{\text{Current liabilities}}$ $= \frac{15,00,000}{5,00,000} = 3:1$				2 $\frac{1}{2}$	
	2) Quick ratio = $\frac{\text{Quick assets}}{\text{Current liabilities}}$ $= \frac{10,00,000}{5,00,000} = 2:1$				2 $\frac{1}{2}$	

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