K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

12 STD * ACCOUNTANCY KEY * QUARTERLY EXAMINATION – 2023-24 * COIMBATORE

****

PART – A

I. CHOOSES THE MOST APPPOPRIATE ANSWER FROM THE GIVEN FOUR ALTERNATIVES AND WRITE THE OPTION CODE AND THE CORRESPONDINGANSWER: (20X1=20)

1) C) CAPITAL
2) D) ₹ 20,000
3) D) CASH AND BANK BALANCE AS ON THE DATE
4) A) ₹50,000
5) C)INTERST ON LOAN DEBITE TO CAPITAL A/C
6) D) ₹ 500
7) C) AVERAGE PROFIT AND NORMAL PROFIT
8) C) ₹10,000
9) B) SACRIFICING RATIO
10) C) GOODWILL BROUGHT BY NEW PARTNER
11) B)LOSS
12) D) A's EXECUTOR LOAN A/C
13) D) 1:1
14) C) ₹2,500
15) D)1:2
16) C) ₹1,30,000
17) C) ₹2,00,000

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

18) A) EQUAL RATIO

19) A) NOMINAL ACCOUNT

20) D) ₹64,000

PART - B

21) Statement of affairs: [ANY 2 – 2 X1 = 2]

- A statement of affairs is a statement showing the balances of assets and liabilities on a particular date.
- It is prepared from incomplete records to find out the capital of a business unit on a particular date.
- This statement resembles a balance sheet.
- The difference between the total of assets and total of liabilities is taken as capital.
- Capital = Assets – Liabilities

****

22) Capital receipts of not–for–profit organisation: [ANY 4 – 4 X (1/2) = 2]

- Life membership fee
- Legacies
- Sale of fixed assets
- Special funds
- Tournament fund
- Prize fund

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

23) Partnership deed: [2 X 1 = 2]

- Partnership deed is a document in writing that contains the terms of the agreement among the partners.
- It is not compulsory for a partnership to have a partnership deed as per the Indian Partnership Act, 1932.
- It is desirable to have a partnership deed as it serves as an evidence of the terms of the agreement among the partners.

****

24) Super profit: [2 X 1 = 2]

- Under these methods, super profit is the base for calculation of the value of goodwill.
- Super profit is the excess of average profit over the normal profit of a business.
- Super profit = Average profit – Normal profit.

****

25) DEBITED OR CREDITED IN THE REVALUATION ACCOUNT. [4 X (1/2) = 2]

S.No	REVALUTION AC/C - ITEM	DEBIT OR CREDIT
a)	Depreciation on assets	-DEBIT
b)	Unrecorded liability	-DEBIT
c)	Provision for outstanding expenses	-DEBIT
d)	Appreciation of assets	-CREDIT

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

26) To transfer the amount due to the deceased partner to the executor or legal representative of the deceased partner. [2]

DATE	PARTICULARS	L.F	DEBIT - ₹	CREDIT- ₹
	Deceased partner's capital A/c Dr -		xxx	
	To Deceased partner's executor A/c			xxx

****

27) Calculation on Goodwill :

Good will = Average profit X No. of years purchase. No. of years purchase = 3 years

Average profit = $\frac{\text{TOTAL PROFITS}}{\text{No.of years}}$

Year	Profit	₹
2014	Profit	4,000
2015	Profit	3,000
2016	Profit	5,000
2017	Profit	4,500
2018	Profit	3,500
	Total	20,000

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

$= \frac{20,000}{5}$ = ₹4,000 - [1]

Good will = Average profit X No. of years purchase

= 4,000 x 3

Good will = ₹ 12,000 - [1]

****

28) Interest on Drawings :

Interest on drawings = Amount of drawings × Rate of interest × Period of interest -[1]

Amount of drawings = ₹20,000

Rate of interest = 10%

Period of interest = Since, date of drawings is not given, interest is calculated for an average period of six months

Interest on drawings = $20,000 \times \frac{10}{100} \times \frac{6}{12}$

= ₹ 1,000 - [1]

29) Calculation on New Profit Sharing Ratio And Gaining Ratio. [2 X1 = 2]

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

- Since, new profit sharing ratio, share gained and the proportion of share gained is not given, the new share is calculated by assuming that the share gained is in the proportion of old ratio.
- Therefore, the new profit sharing ratio and the gaining ratio between the continuing partners, Raja and Pooja is their old profit sharing ratio, that is 4:3

30) INCOME AND EXPENDITURE ACCOUNT [1]

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

EXPENDITURE	₹	₹	INCOME	₹	₹
To Stationery consumed:					
Opening stock	300				
Add: Purchases	1,500				
	1,800				
Less: Closing stock	200	1,600			

Balance sheet as on 31st March, 2018 [1]

LIABILITIES	₹	₹	ASSETS	₹	₹
			Stock of stationery		200

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

PART - C

31) CALCULATION ON OPENING CAPITAL:

PARTICULARS	₹	₹
Closing Capital		1,90,000
Add : Drawings		30,000
		2,20,000
Less : Additional Capital		50,000
Adjusted Closing Capital		1,70,000
Less: Opening Capital (Bal. Fig.)		2,10,000
Loss		40,000

ALTERNATIVE METHOD

PARTICULARS	₹	PARTICULARS	₹
Closing Capital	1,90,000	Additional Capital	50,000
Drawings	30,000	Opening Capital (Bal. Fig.)	2,10,000
loss	40,000	Profit	NIL
	2,60,000		2,60,000

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

32) CALCULATION ON CAPITAL FUND :

LIABILITIES	₹	ASSETS	₹
Subscription received in advance	8,000	Sports Equipment	30,000
Prize fund	10,000	Computer	25,000
		Subscription Outstanding	5,000
Capital Fund (Bal. Fig.)	70,000	Prize fund investments	10,000
		Cash in hand	7,000
		Cash at Bank	21,000
	98,000		98,000

****

33) Income and expenditure account: (ANY 3) [3X1=3]

- ➔ Income and expenditure account is a summary of income and expenditure of a not–for–profit organisation prepared at the end of an accounting year.
- ➔ It is prepared to find out the surplus or deficit pertaining to a particular year.
- ➔ It is a nominal account in nature.
- ➔ It is prepared following the accrual basis of accounting.
- ➔ It is just like preparing a profit and loss account.

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

****

34) Differences between fixed capital method and fluctuating capital method. (ANY 3)
[3X1=3]

Basis of distinction	Fixed capital method	Fluctuating capital method
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.
Change in capital	The amount of capital normally remains unchanged except when additional capital is introduced or capital is withdrawn permanently.	The amount of capital changes from period to period
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
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

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

35) THERE IS NO PARTNERSHIP DEED.

(i) No interest on capital is payable to any partner

(ii) No interest is chargeable on drawings made by the partner

(iii) Profits should be distributed equally.

****

36) CALCULATION ON THE VALUE OF GOODWILL.

Calculation of adjusted profit:

PARTICULARS	2016 - ₹	2017-₹	2018-₹
Profit	1,75,000	1,50,000	2,00,000
Less: Non- recurring income	45,000	-	-
	1,30,000	1,50,000	2,00,000
Less: Over valuation of closing stock	-	30,000	-
	1,30,000	1,20,000	2,00,00
Add: Over valuation of opening stock	-	-	30,000
Profit after adjustments	1,30,000	1,20,000	2,30,000

$$\text{Average profit} = \frac{\text{TOTAL PROFITS}}{\text{No.of years}}$$

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

Average profit = $\frac{1,30,000+1,20,000+2,30,000}{3}$

= $\frac{4,80,000}{3}$

= ₹ 1, 60,000

Good will = Average profit X No. of years purchase.

No. of years purchase = 4 years

Average profit = ₹ 1, 60,000

Good will = 1, 60,000 X 4

= ₹ 6,40,000

****

37) ADJUSTMENTS REQUIRED AT THE TIME OF ADMISSION OF A PARTNER : (ANY 3 [3X1=3])

- Distribution of accumulated profits, reserves and losses
- Revaluation of assets and liabilities
- Determination of new profit-sharing ratio and sacrificing ratio
- Adjustment for goodwill
- Adjustment of capital on the basis of new profit sharing ratio (if so agreed)

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

****

38) DISTINGUISH BETWEEN SACRIFICING RATIO AND GAINING RATIO :

BASIS	SACRIFICING RATIO	GAINING RATIO
Meaning	It is the proportion of the profit which is sacrificed by the old partners in favour of a new partner	It is the proportion of the profit which is gained by the continuing partners from the retiring partner
Purpose	It is calculated to determine the amount to be adjusted towards goodwill for the sacrificing partners.	It is calculated to determine the amount to be adjusted towards goodwill for the gaining partners.
Time of calculation	It is calculated at the time of admission of a new partner	It is calculated at the time of retirement of a partner.
Method of calculation	It is the difference between the old ratio and the new ratio	Gaining ratio = New profit sharing ratio - Old profit sharing ratio.
Formula	Sacrificing ratio = Old profit sharing ratio – New profit sharing ratio	Gaining ratio = New profit sharing ratio - Old profit sharing ratio

****

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

39) JOURNAL ENTRIES :

DATE		PARTICULARS	L.F	DEBIT (₹)	CREDIT (₹)
	(i)	Janaki"s Executor A/c -Dr. To Bank a/c (Being Amount due paid immediately)		1,40,000	1,40,000
	(ii)	Janaki"s Executor A/c -Dr. To Janaki"s Executor Loan A/c (Being Amount due transferred to loan account)		1,40,000	1,40,000
	(iii)	Janaki"s Executor A/c -Dr. To Bank a/c To Janaki"s Executor Loan A/c (Being ₹75,000 paid and the balance transferred to loan account))		1,40,000	75,000 65,000

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

40) INCOME AND EXPENDITURE ACCOUNT [1]

Dr. Income and Expenditure Account for the year ended 31st March, 2019 Cr.

EXPENDITURE	₹	₹	INCOME	₹	₹
			By Subscription	50,000	
			Add : Outstanding Subscription	30,000	80,000

BALANCE SHEET AS ON 31ST MARCH, 2019 [2]

LIABILITIES	₹	ASSETS	₹	₹
subscription received in advance for the year	5,000	Outstanding subscription		
		2018-2019	30,000	
		2017-2018	2,000	32,000

PART – D

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

41)a) CALCULATION OF OPENING CAPITAL

STATEMENT OF AFFAIRS AS ON 1ST APRIL, 2018

LIABILITIES	₹	₹	ASSETS	₹	₹
Sundry creditors		1,05,000	Cash		43,000
Loan		25,000	Stock of goods		1,20,000
Capital (balancing figure)		4,00,000	Business premises		2,50,000
			Sundry debtors		84,000
			Furniture		33,000
		5,30,000			5,30,000

CALCULATION OF CLOSING CAPITAL

STATEMENT OF AFFAIRS AS ON 31ST MARCH , 2019

LIABILITIES	₹	₹	ASSETS	₹	₹
Sundry creditors		1,02,000	Cash		29,000
Loan		20,000	Stock of goods		1,30,000
Capital (balancing figure)		4,42,000	Business premises		2,50,000
			Sundry debtors		1,10,000
			Furniture		45,000
		5,64,000			5,64,000

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDING 31st MARCH, 2019

PARTICULARS	₹	₹
Closing Capital		4,42,000
Add : Drawings		30,000
		4,72,000
Less : Additional Capital		45,000
Adjusted Closing Capital		4,27,000
Less: Opening Capital		4,00,000
Profit for the year ended (Bal. Fig.)		27,000

41b) CALCULATION ON CREDIT SALES A/C: +

[Dr] TOTAL DEBTORS A/C [Cr]

PARTICULARS	₹	₹	PARTICULARS	₹	₹
To Balance b/d		5,30,000	By Cash a/c		12,50,000
To Credit Sales a/c (Bal.fig.)		13,85,000	By Discount allowed a/c		25,000
			By Balance c/d		6,40,000
		19,15,000			19,15,000

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

[Dr] TOTAL CREDITORS A/C [Cr]

PARTICULARS	₹	₹	PARTICULARS	₹	₹
To Cash paid		11,00,000	By Balance b/d		3,70,000
To Discount Received a/c		35,000	By Credit Purchase a/c(Bal.fig)		11,85,000
To Balance c/d		4,20,00			
		15,55,000			15,55,000

In the Books of Rakesh Trading, Profit& Loss a/c for the year ended 31st March 2019.

Dr Cr

PARTICULARS	(₹)	PARTICULARS	(₹)	(₹)
To Opening Stock	2,20,000	By Sales a/c - Cash Sales	20,000	
To Purchase (Credit)	11,85,000	Credit Sales	13,85,000	14,05,000
To GROSS PROFIT c/d (transfer to P&L a/c)	1,60,000	By Closing Stock a/c		1,60,000
	15,65,000			15,65,000

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

To Discount allowed a/c	25,000	By Gross Profit b/d (Transfer from Trading a/c)		1,60,000
To Rent Paid a/c	1,20,000	By Discount Received a/c		35,000
To NET PROFIT c/d (Transfer to Capital a/c)	50,000			
	1,95,000			1,95,000

IN THE BOOKS OF RAKESH BALANCE SHEET AS ON 31ST MARCH 2019.

LIABILITIES	(₹)	(₹)	ASSETS	(₹)
Sundry Creditors		4,20,000	Cash at bank	10,000
Capital	5,20,000		Sundry Debtors	6,40,000
Add : Net profit	50,000		Machinery	80,000
	5,70,000		Stock	1,60,000
Less : Drawings	1,00,000	4,70,000		
		8,90,000		8,90,000

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

42) A) DIFFERENCES BETWEEN DOUBLE ENTRY SYSTEM AND INCOMPLETE RECORDS.

Basis of distinction	Double entry system	Incomplete records
Recording of transactions	Both debit and credit aspects of all the transactions are recorded	Debit and credit aspects of all the transactions are not recorded completely. For some transactions both aspects are entered, some transactions are partially recorded and some transactions are omitted to be entered
Type of accounts maintained	Personal, real and nominal accounts are maintained fully.	In general, only personal and cash accounts are maintained fully. Real and nominal accounts are not maintained fully.
Preparation of trial balance	Trial balance can be prepared to check the arithmetical accuracy of the entries made in the books of accounts	It is difficult to prepare the trial balance to check arithmetic accuracy of entries made in the books of accounts as the accounts are incomplete
Determination of true profit or loss	Trading and profit and loss account can be prepared to find out the true profit or loss	Trading and profit and loss account cannot be prepared with accuracy as complete information is not available and hence profit or loss found out may not be accurate.

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

Determination of financial position	Balance sheet can be prepared to know the true financial position	Balance sheet cannot be prepared with accuracy and true financial position cannot be ascertained, as the assets and liabilities are just estimates and incomplete
Suitability	It Is Suitable For All Types Of Organisations	It May Be Suitable For Small Sized Sole Traders And Partnership Firms
Reliability	It is reliable since it is a scientific system of accounting and is based on certain accounting principles.	It is not reliable since it is unscientific.
Acceptability	Accounting records are acceptable to all users including tax authorities and financial institutions.	Accounting records may not be acceptable to all users.

42B) DIFFERENCES BETWEEN RECEIPTS AND PAYMENTS ACCOUNT AND INCOME AND EXPENDITURE ACCOUNT.

BASIS	RECEIPTS AND PAYMENTS ACCOUNT	INCOME AND EXPENDITURE ACCOUNT
Purpose	It is prepared to know the cash receipts and cash payments.	It is prepared to know whether there is an excess of income over expenditure (surplus) or an excess of expenditure over income (deficit) during the current period.

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

Nature of account	It is a real account. It is a summary of cash account. Cash receipts are recorded on the debit side and cash payments are recorded on the credit side	It is a nominal account. It is similar to profit and loss account. Expenses are recorded on the debit side and incomes are recorded on the credit side.
Basis of accounting	It is based on cash system of accounting. Non-cash items are not recorded	It is based on accrual system of accounting. Non-cash items like outstanding expenses, depreciation, etc. Are also recorded.
Opening and closing balance	It commences with an opening balance of cash and bank and ends with closing balance of cash and bank.	There is no opening balance. It ends with surplus or deficit
Nature	It Contains Actual Receipts And Payments Irrespective Of Revenue Or Capital Items In Nature.	It Contains Only Revenue Items, That Is, Only Revenue Expenses And Revenue Incomes
Period	All Cash Receipts And Payments Made During The Year Pertaining To The Past Period, Current Period And Subsequent Period Are Recorded	It Contains Only The Items Relating To The Current Period

++

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

www.Padasalai.Net

43) a)

IN THE BOOKS OF MADURAI MOTHER THERESA MAHALIR MANDRAM

Dr. Receipts and Payments Account for the year ended 31st March, 2018. Cr

RECEIPTS	₹	₹	PAYMENTS	₹
To Balance b/d			By Stationary Purchased	6,000
Cash	2,000		By Audit Fees	2,000
Bank	3,000	5,000	By sundry Charges	6,000
To Sale of old newspapers		500	By Scholarship given	2,000

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

To Entrance fee Received		3,000	By Fire Insurance paid	1,500
To Interest on Investment		2,000	By Furniture Purchased	6,000
To Subscription Received		8,500	By Purchase of News paper	700
To Sale of Furniture		4,000	By Conveyance paid	1,000
To Balance c/d			By Balance c/d – Cash	2,500
Bank Overdraft		4,700		
		27,700		27,700

43) In the books of Friends Football Club

Dr. Income and Expenditure Account for the year ended 31st March, 2017. Cr.

EXPENDITURE	₹	₹	INCOME	₹	₹
To Sports materials consumed:					
Purchase	800		By Subscription	5,000	
Less: Closing stock	100	700	Add: Outstanding for 2016-17	600	5,600
To Special dinner expenses		1,500	By Collection for special dinner		2,000
To Electricity charges		900			
To Excess of income over expenditure (surplus)		4,500			
		7,600			7,600

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

BALANCE SHEET AS ON 31ST MARCH, 2017

LIABILITIES	(₹)	(₹)	ASSETS	(₹)	(₹)
Capital fund	23,000		Furniture	12,000	
Add: surplus	4,500	27,500	Add: Additions	7,000	19,000
Legacies		6,000	Stock of sports materials		100
			Subscription outstanding for 2016-17		600
			Cash at bank	12,000	
			Cash in hand	1,800	13,800
		33,500			33,500

44) a)

PARTNERS' CAPITAL A/C

PARTICULARS	MANNAN (₹)	SEVAGAN (₹)		MANNAN (₹)	SEVAGAN (₹)
To Drawings A/c	40,000	35,000	By Balance b/d	2,00,000	1,75,000
To Interest on drawings A/c	1,000	500	By Profit and loss appropriation A/c	21,000	16,500
To Balance c/d	2,10,000	1,69,000	By Interest on capital A/c	12,000	10,500
			By Salary A/c	18,000	-

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

			By Commission A/c	-	2,500
	2,51,000	2,04,500		2,51,000	2,04,500
			By Balance b/d	2,10,000	1,69,000

44.b) CALCULATION OF INTEREST ON DRAWINGS UNDER PRODUCT METHOD:

Date of drawings	Amount withdrawn	Period up to December 31 (months)	Product (₹)
March 1	6,000	10	60,000
June 1	4,000	7	28,000
September 1	5,000	4	20,000
December 1	2,000	1	2,000
		Sum of product	1,10,000

Interest on drawings = Sum of product x Rate of interest x $\frac{1}{12}$

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

= 1, 10,000 x $\frac{12}{100}$ x $\frac{1}{12}$

= ₹ 1,100.

45) a)

GOODWILL = AVERAGE PROFIT × NUMBER OF YEARS OF PURCHASE .

PARTICULARS	2016-₹	2017-₹	2018 -₹
Profit	25,000	23,000	26,000
Less : Non- recurring income	2,500		
	22,500	23,000	26,000
Add: Stock destroyed by fire (Abnormal Loss)		3,500	
Profit after adjustments	22,500	26,500	26,000

Calculation of adjusted profit:

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

No. of Years = 3 years.

Total Profit = 22,500+26,500+26,000 = ₹75,000

Average profit = $\frac{75,000}{3}$ = =₹25,000.

Average profit before adjustment insurance premium payable in future	₹25,000
Less : Insurance premium payable	250
Average profit	₹24,750

Calculation on Goodwill :

Average profit =₹24,750

Number of years of purchase = 2 Years

Good will = 24,750 x 2

= ₹ 49.500

Average Profit =₹24,750

Good Will = ₹49,500.

45. b)

Goodwill = Super profit × Present value annuity factor Present value.

Super profit = Average Profit – Normal Profit

Average Profit = ₹14,000

Normal Profit = ₹4,000

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

Super profit = ₹14,000-4,000

Super profit = ₹10,000.

Goodwill = Super profit × Present value annuity factor Present value

Super profit =₹10,000

Present value annuity Factor Present value = 3.352.

Good Will = 10,000 x 3.352

Good Will = ₹ 33,520.

****

46) a) Journal Entries:

DATE	PARTICULARS	L/F	DEBIT(₹)	CREDIT(₹)
2017				
Dec 31.	Investment A/c -Dr		7,000	
	Stock A/c -Dr		5,000	12,000
	To Revaluation A/			
	(Being Increase in the value of stock and unrecorded investment accounted			
	Revaluation A/c -Dr		19,500	
	To Office equipment A/c			10,000
	To Outstanding wages A/c			9,500
	(Being Reduction in the value of office equipment and			

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

	provision of outstanding wages recorded)			
	Sriram's capital A/c - Dr		5,000	
	Raj's capital A/c - Dr		2,500	
	To Revaluation A/c			7,500
	(Being Loss on revaluation transferred)			

(Dr) REVALUATION ACCOUNT (Cr)

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

46.b) (Dr) REVALUATION ACCOUNT (Cr)

PARTICULARS	₹	₹	PARTICULARS	₹	₹

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

To Stock(20,000x10/100)		2,000	By Building a/c		5,000
To Furniture (1,000 x10/100)		100	(25,000 x 20/100)		
To Debtors(16,000 x 5/100)		800			
To Revaluation Profit					
Rajan's Capital (5000x3/4)	1575				
Selva's Capital (5000x1/4)	525	2,100			
		5,000			5,000

(Dr) CAPITAL ACCOUNT (Cr)

Particulars	Rajan ₹	Selva ₹	Ganesa₹	Particulars	Rajan ₹	Selva ₹	Ganesan₹
To Profit & Loss	7,500	2,500		By Balance b/d	30,000	16,000	
				By General Reserve	3,000	1,000	
To Balance c/d	27,075	15,025	10,000	By Bank a/c			10,000
				By Revaluation a/c	1,575	525	
	34,575	17,525	10,000		34,575	17,525	10,000
				By Balance b/d	27,075	15,025	10,000

BALANCE SHEET AS ON 1ST APRIL 2017.

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

LIABILITIES	₹	₹	ASSETS	₹	₹
			Building	25,000	
Sundry Creditors		37,500	Add : Appreciation	5,000	30,000
Capital accounts			Furniture	1,000	
Rajan	27,075		Less : Depreciation	100	900
Selva	15,025		Stock	20,000	
Ganesan	10,000	52,100	Less : Depreciation	2,000	18,000
			Debtors	16,000	
			Less : doubtful debts	800	15,200
			Bills Receivable		3,000
			Cash at Bank	12,500	
			Add : Ganesan's Capital	10,000	22,500
		89,600			89,600

47)

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			

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

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

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

47.b)

a) Profit is to be distributed on the basis of the previous year's profit

Calculation on Rathi's Share of Profit:

Previous year profit = ₹ 32,000 Rathi's Share = $\frac{1}{5}$

Retirement on 31.30.2018 = 3 Months

Rathi's Share = ₹ 32,000 x $\frac{1}{5}$ x $\frac{3}{12}$ = ₹ 1,600.

JOURNAL ENTRIES

DATE	PARTICULARS	L.F	DEBIT(₹)	CREDIT (₹)
	Profit and loss Suspense A/c Dr.		1,600	
	To Rathi's Capital A/c			1,600
	(Being Rathi's current year share of profit credited to his capital			

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

	account)		

(b) Profit is to be distributed on the basis of the average profit of the past 4 years

Calculation on Average profit:

$$\text{Average profit} = \frac{TOTAL\ PROFITS}{No.OF\ YEARS}.$$

Calculation on Total Profit =

Year	Profit(₹)
2014	10,000
2015	20,000
2016	18,000
2017	32,000
Total	80,000

$$\text{Average profit} = \frac{80,000}{4} = ₹\ 20,000.$$

Calculation on Rathi's Share of Profit:

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

Average profit = ₹ 20,000 Rathi's Share = $\frac{1}{5}$

Retirement on 31.03.2018 = 3 Months

Rathi's Share = ₹ 20,000 x $\frac{1}{5}$ x $\frac{3}{12}$ = ₹ 1,000.

JOURNAL ENTRIES

DATE	PARTICULARS	L.F	DEBIT(₹)	CREDIT (₹)
	Profit and loss Suspense A/c Dr.		1,000	
	To Rathi's Capital A/c			1,000
	(Being Rathi's current year share of profit credited to his capital account)			

****

CHARACTER IS REPEATED HABITS, AND REPEATED HABITS ALONE CAN REFORM CHARACTER

****

Prepared by:

K.PUSHPARASU M.Com., M.Phil, B.Ed.,
P G T IN COMMERCE & ACADEMIC COORDINATOR,
K V MATRIC. HR. SEC.SCHOOL,
KURUMBAPALAYAM,
COIMBATORE – 641 107.
Mob. No. : 93857- 6385

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com

K V MATRIC. HR. SEC. SCHOOL

CREATIVITY * PROSPERITY* ACHIEVEMENT

546, SATHY MAIN RAOD,KURUMBAPALAYAM, COIMBATORE – 641 107.

****

www.Padasalai.Net

Kindly send me your study materials to padasalai.net@gmail.com