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Kumbakonam - Thanjavur District

## I REVISION EXAM - JAN. 2024

CLASS : 12

## ACCOUNTANCY

TIME : 3 HOURS

MARKS : 90

I CHOOSE THE CORRECT ANSWER

(20X1=20)

- When capital in the beginning is Rs. 10,000, drawings during the year is Rs. 6,000, profit made during the year is Rs. 2,000 and the additional capital introduced is Rs. 3,000, find out the amount of capital at the end.  
(a) Rs. 9,000 (b) Rs. 11,000 (c) Rs. 21,000 (d) Rs. 3,000
- The amount of credit sales can be computed from  
(a) Total debtors account (b) Total creditors account (c) Bills receivable account (d) Bills payable account
- Balance of receipts and payments account indicates the  
(a) Loss incurred during the period (b) Excess of income over expenditure of the period  
(c) Total cash payments during the period (d) Cash and bank balance as on the date
- 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
- In the absence of an agreement among the partners, interest on capital is  
(a) Not allowed (b) Allowed at bank rate (c) Allowed @ 5% per annum (d) Allowed @ 6% per annum
- When fixed capital method is adopted by a partnership firm, which of the following items will appear in capital account?  
(a) Additional capital introduced (b) Interest on capital (c) Interest on drawings (d) Share of profit
- Which of the following is true?  
(a) Super profit = Total profit / number of years (b) Super profit = Weighted profit / number of years  
(c) Super profit = Average profit - Normal profit (d) Super profit = Average profit × Years of purchase
- When the average profit is Rs. 25,000 and the normal profit is Rs. 15,000, super profit is  
(a) Rs. 25,000 (b) Rs. 5,000 (c) Rs. 10,000 (d) Rs. 15,000
- If the old profit sharing ratio is more than the new profit sharing ratio of a partner, the difference is called  
(a) Capital ratio (b) Sacrificing ratio (c) Gaining ratio (d) None of these
- James and Kamal are sharing profits and losses in the ratio of 5:3. They admit Sunil as a partner giving him 1/5 share of profits. Find out the sacrificing ratio.  
(a) 1:3 (b) 3:1 (c) 5:3 (d) 3:5
- At the time of retirement of a partner, determination of gaining ratio is required  
(a) To transfer revaluation profit or loss (b) To distribute accumulated profits and losses  
(c) To adjust goodwill (d) None of these
- X, Y and Z were partners sharing profits and losses equally. X died on 1st April 2019. Find out the share of X in the profit of 2019 based on the profit of 2018 which showed Rs. 36,000.  
(a) Rs. 1,000 (b) Rs. 3,000 (c) Rs. 12,000 (d) Rs. 36,000
- At the time of forfeiture, share capital account is debited with  
(a) Face value (b) Nominal value (c) Paid up amount (d) Called up amount
- If a share of Rs. 10 on which Rs. 8 has been paid up is forfeited. Minimum reissue price is  
(a) Rs. 10 per share (b) Rs. 8 per share (c) Rs. 5 per share (d) Rs. 2 per share
- Which of the following statements is not true?  
(a) Notes and schedules also form part of financial statements. (b) The tools of financial statement analysis include common-size statement  
(c) Trend analysis refers to the study of movement of figures for one year (d) The common-size statements show the relationship of various items with some common base, expressed as percentage of the common base
- Which of the following is not a tool of financial statement analysis?  
(a) Trend analysis (b) Common size statement (c) Comparative statement (d) Standard costing
- Current assets excluding inventory and prepaid expenses is called  
(a) Reserves (b) Tangible assets (c) Funds (d) Quick assets
- 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)
- Contra voucher is used for  
(a) Master entry (b) Withdrawal of cash from bank for office use (c) Reports (d) Credit purchase of assets
- In which voucher type credit purchase of furniture is recorded in Tally  
(a) Receipt voucher (b) Journal voucher (c) Purchase voucher (d) Payment voucher

II ANSWER ANY 7 QUESTIONS. (Q.NO. 30 IS COMPULSORY)

(7 X 2 = 14)

21. From the following particulars ascertain profit or loss

Particulars	Rs.
Capital as on 1st January 2018	2,20,000
Capital as on 31st December 2018	1,80,000
Additional capital introduced during the year	40,000
Drawings made during the year	50,000

- Murali and Sethu are partners in a firm. Murali is to get a commission of 10% of net profit before charging any commission. Sethu is to get a commission of 10% on net profit after charging all commission. Net profit for the year ended 31st March 2019 before charging any commission was Rs. 1,10,000. Find the amount of commission due to Murali and Sethu.
- From the following information, calculate the value of goodwill on the basis of 3 years purchase of average profits of last four years.



Year	Result	Amount
2015	Profit	5,000
2016	Profit	8,000
2017	Loss	3,000
2018	Profit	6,000

24. Vimal and Athi are partners sharing profits in the ratio of 2:1. Jeyam is admitted for 1/4 share in the profits. Calculate the new profit sharing ratio and sacrificing ratio.
25. 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.
26. Calculate quick ratio: Total current liabilities Rs. 2,40,000; Total current assets Rs. 4,50,000; Inventories Rs. 70,000, Prepaid expenses Rs. 20,000
27. Write a short note on life membership fees.
28. What is meant by retirement of a partner?
29. What are financial statements?
30. What is a group in Tally.ERP 9?

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

(7 X 3 = 21)

31. Find out credit sales from the following information:

Particulars	Rs.
Debtors on 1st April, 2018	1,00,000
Cash received from debtors	2,30,000
Discount allowed	5,000
Returns inward	25,000
Debtors on 31st March 2019	1,20,000

32. From the following particulars, show how the item 'subscription' will appear in the Income and Expenditure Account for the year ended 31-12-2018?

Subscription received in 2018 is Rs. 50,000 which includes Rs. 5,000 for 2017 and Rs. 7,000 for 2019. Subscription outstanding for the year 2018 is Rs. 6,000. Subscription of Rs. 4,000 was received in advance for 2018 in the year 2017.

33. From the following details, calculate the value of goodwill at 2 years purchase of super profit:

- (a) Total assets of a firm are Rs. 5,00,000  
(b) The liabilities of the firm are Rs. 2,00,000  
(c) Normal rate of return in this class of business is 12.5 %  
(d) Average profit of the firm is Rs. 60,000.

34. Kavin, Madhan and Ranjith are partners sharing profits and losses in the ratio of 4:3:3 respectively. Kavin retires from the firm on 31st December, 2018. On the date of retirement, his capital account shows a credit balance of Rs. 1,50,000. Pass journal entries if:

- (a) The amount due is paid off immediately.  
(b) The amount due is not paid immediately.  
(c) Rs. 1,00,000 is paid and the balance in future.

35. Gemini Ltd. forfeited 20 equity shares of Rs. 10 each, Rs. 7 called up, on which Mahesh had paid application and allotment money of Rs. 5 per share. Of these 15 shares were reissued to Naresh by receiving Rs. 6 per share paid up as Rs. 7 per share. Pass journal entries for forfeiture and reissue.

36. Following is the extract of balance sheet of Abdul Ltd., as on 31st March, 2019:

Particulars	Rs.
<b>I EQUITY AND LIABILITIES</b>	
<b>1. Shareholders' funds</b>	
(a) Share capital	2,00,000
(b) Reserves and surplus	50,000
<b>2. Non-current liabilities</b>	
Long-term borrowings	1,50,000
<b>3. Current liabilities</b>	
(a) Trade payables	1,30,000
(b) Other current liabilities	5,000
(c) Short-term provisions	20,000
<b>Total</b>	<b>5,55,000</b>

Net profit before interest and tax for the year was Rs. 60,000. Calculate the return on capital employed for the year.

37. 'Financial statements are prepared based on the past data'. Explain how this is a limitation.
38. State the differences between Receipts and Payments Account and Income and Expenditure Account.
39. State any six contents of a partnership deed.
40. Explain how to view profit and loss statement in Tally.ERP 9.

### IV ANSWER ALL THE QUESTIONS.

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.

(7 X 5 = 35)

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 Buildings	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) From the following Receipts and Payments Account of Friends Football club, for the year ending 31st March, 2017, prepare Income and Expenditure Account for the year ending 31st March, 2017 and the Balance sheet as on that date.

In the books of Friends-Football Club

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

Dr.	Receipts		Payments		Cr.
	Rs.	Rs.		Rs.	Rs.
To Balance b/d			By Furniture		7,000
Cash	1,000		By Sports materials purchased		800
Bank	10,000	11,000	By Special dinner expenses		1,500
To Subscriptions		5,000	By Electricity charges		900
To Legacies		6,000	By Balance c/d		
To Collection for special dinner		2,000	Cash in hand	1,800	
			Cash at bank	12,000	13,800
		24,000			24,000

Additional information:

- (i) The club had furniture of Rs. 12,000 on 1st April 2016. Ignore depreciation on furniture.  
 (ii) Subscription outstanding for 2016-2017 Rs. 600. (iii) Stock of sports materials on 31.03.2017 Rs. 100.  
 (iv) Capital fund as on 1st April 2016 was Rs. 23,000.

42 (A) From the following particulars of Trichy Educational Society, prepare Receipts and Payments account for the year ended 31st December, 2018.

Particulars	Rs.	Particulars	Rs.
Opening cash balance as on 1.1.2018	20,000	Locker rent received	12,000
Investments made	80,000	Sale of furniture	5,000
Honorarium paid	3,000	General expenses	7,000
Donation received	80,000	Postage	1,000
Audit fees paid	2,000	Subscription received	10,000

(OR)

(B) Antony and Ranjith started a business on 1st April 2018 with capitals of Rs. 4,00,000 and Rs. 3,00,000 respectively. According to the Partnership Deed, Antony is to get salary of Rs. 90,000 per annum, Ranjith is to get 25% commission on profit after allowing salary to Antony and interest on capital @ 5% p.a. but after charging such commission. Profit-sharing ratio between the two partners is 1:1. During the year, the firm earned a profit of Rs. 3,65,000.

Prepare profit and loss appropriation account. The firm closes its accounts on 31st March every year.

43.(A) Kasthuri Ltd. had allotted 20,000 equity shares of Rs. 10 each at a premium of Rs. 2 each to applicants of 30,000 shares on a pro rata basis. The amount payable was Rs. 3 on application, Rs. 5 on allotment (including premium of Rs. 2 each) and Rs. 2 on first call and Rs. 2 on final call. Subin, a shareholder failed to pay the first call and final call on his 500 shares. All the shares were forfeited and out of them 400 shares were reissued @ Rs. 8 per share. Pass necessary journal entries. (OR)

(B) Differentiate between statement of affairs and balance sheet.

44.(A) From the following particulars, prepare comparative statement of financial position of Muthu Ltd.

Particulars	31st March, 2017	31st March, 2018
<b>I EQUITY AND LIABILITIES</b>		
Shareholders' Fund	4,00,000	4,40,000
Non-current liabilities	1,50,000	1,65,000
Current liabilities	75,000	82,500
<b>Total</b>	<b>6,25,000</b>	<b>6,87,500</b>
<b>II ASSETS</b>		
Non-current assets	5,00,000	6,00,000
Current assets	1,25,000	87,500
<b>Total</b>	<b>6,25,000</b>	<b>6,87,500</b>

(OR)

(B) Find out the value of goodwill by capitalizing super profits:

- (a) Normal Rate of Return 10% (b) Profits for the last four years are Rs. 30,000, Rs. 40,000, Rs. 50,000 and Rs. 45,000.  
 (c) A non-recurring income of Rs. 3,000 is included in the above mentioned profit of Rs. 30,000.  
 (d) Average capital employed is Rs. 3,00,000.

45.(A) From the following particulars of Siva Ltd, prepare common size income statement for the years ended 31st March, 2016 and 31st March, 2017.

Particulars	2015-16	2016-17
Revenue from operations	2,00,000	3,00,000
Other income	25,000	75,000
Expenses	2,50,000	1,50,000
Income tax %	40	40

(OR)

(B) Raghu and Sam are partners in a firm sharing profits and losses in the ratio of 3:2. Their balance sheet as on 31st March, 2017 is as follows:

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital accounts:			Machinery		30,000
Raghu	40,000		Furniture		10,000
Sam	30,000	70,000	Stock		10,000
Sundry creditors		30,000	Debtors	21,000	
			Less: Provision for doubtful debts	1,000	20,000



		Bank	30,000
	1,00,000		1,00,000

Prakash is admitted on 1.4.2017 subject to the following conditions:

- (a) He has to bring a capital of Rs. 10,000  
 (b) Machinery is valued at Rs. 24,000  
 (c) Furniture to be depreciated by Rs. 3,000  
 (d) Provision for doubtful debts should be increased to Rs. 3,000  
 (e) Unrecorded trade receivables of Rs. 1,000 would be brought into books now

Pass necessary journal entries and prepare revaluation account and capital account of partners after admission.

46.(A) 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

Particulars	Amount
<b>I EQUITY AND LIABILITIES</b>	
<b>1. Shareholders' funds</b>	
<b>(a) Share capital</b>	
Equity share capital	2,50,000
6% Preference share capital	2,00,000
<b>(b) Reserves and surplus</b>	1,50,000
<b>2. Non-current liabilities</b>	
Long-term borrowings (8% Debentures)	3,00,000
<b>3. Current liabilities</b>	
Short-term borrowings from banks	2,00,000
Trade payables	1,00,000
<b>Total</b>	<b>12,00,000</b>

<b>II ASSETS</b>	
<b>1. Non-current assets</b>	
Fixed assets	8,00,000
<b>2. Current assets</b>	
<b>(a) Inventories</b>	1,20,000
<b>(b) Trade receivables</b>	2,65,000
<b>(c) Cash and cash equivalents</b>	10,000
<b>(d) Other current assets</b>	
Expenses paid in advance	5,000
<b>Total</b>	<b>12,00,000</b>

(OR)

(B) Selvam does not keep his books under double entry system. From the following information prepare trading and Profit and loss A/c and Balance Sheet as on 31-12-2018.

Particulars	1-1-2018	31-12-2018
Machinery	60,000	60,000
Cash at bank	25,000	33,000
Sundry debtors	70,000	1,00,000
Stock	45,000	22,000
Bills receivable	20,000	38,000
Bank loan	45,000	45,000
Sundry creditors	25,000	21,000

Additional Information:

Cash sales	20,000	Credit sales	1,80,000
Cash purchases	8,000	Credit purchases	52,000
Wages	6,000	Salaries	23,500
Advertisement	7,000	Interest on bank loan	4,500
Drawings	60,000	Additional capital	21,000

Adjustments:

Write off depreciation of 10% on machinery. Create a reserve of 1% on debtors for doubtful debts.

47.(A) Manju, Charu and Lavanya are partners in a firm sharing profits and losses in the ratio of 5:3:2. Their balance sheet as on 31st March, 2018 is as follows:

Liabilities	Rs.	Rs.	Assets	Rs.
<b>Capital accounts:</b>			<b>Buildings</b>	<b>1,00,000</b>
Manju	70,000		<b>Furniture</b>	<b>80,000</b>
Charu	70,000		<b>Stock</b>	<b>60,000</b>
Lavanya	70,000	2,10,000	<b>Debtors</b>	<b>40,000</b>
<b>Sundry creditors</b>		40,000	<b>Cash in hand</b>	<b>20,000</b>
<b>Profit and loss A/c</b>		50,000		
		3,00,000		3,00,000

Manju retired from the partnership firm on 31.03.2018 subject to the following adjustments:

- (i) Stock to be depreciated by Rs. 10,000  
 (ii) Provision for doubtful debts to be created for Rs. 3,000.  
 (iii) Buildings to be appreciated by Rs. 28,000

Prepare revaluation account and capital accounts of partners after retirement. (OR)

(B) Mention the commonly used voucher types in Tally.ERP 9.

**FIRST REVISION TEST - JANUARY – 2024 - ANSWER KEY**  
**XII STANDARD – ACCOUNTANCY – ENGLISH MEDIUM**

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	Rs.9,000	11	C	To adjust goodwill
2	A	Total Debtors Account	12	B	Rs.3,000
3	D	Cash and Bank Balance as on the date	13	D	Called up Amount
4	A	Rs.50,000	14	D	Rs.2 per share
5	A	Not Allowed	15	C	Trend Analysis refers to the study of movement of figures for one year
6	A	Additional Capital Introduced	16	D	Standard Costing
7	C	Super Profit = Average Profit – Normal Profit	17	D	Quick Assets
8	C	Rs.10,000	18	B	(i) and (iv)
9	B	Sacrificing Ratio	19	B	Withdrawal of cash from bank for office use
10	C	5:3	20	B	Journal Voucher

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

7 x 2 = 14

21) Statement of profit or loss for the year ended 31<sup>st</sup> December, 2018

Particulars	Rs.
Closing capital (as on 31.12.2018)	1,80,000
Add: Drawings during the year	50,000
	2,30,000
Less: Additional capital introduced during the year	40,000
Adjusted closing capital	1,90,000
Less: Opening capital (as on 1.1.2018)	2,20,000
Loss incurred during the year (B/F)	(-) 30,000

22) Calculation of commission:

Commission to Murali:

Murali's commission = Net profit before commission × % of commission / 100

$$= 1,10,000 \times 10/100 = \text{Rs.11,000}$$

**Commission to Sethu:**

Net profit after Murali's commission = 1,10,000 – 11,000 = Rs. 99,000

Sethu's commission = Net profit after Murali's commission × % of commission / (100 + % of commission)

$$= 99,000 \times 10 / (100+10) = \text{Rs. } 9,000$$

**23) Calculation of Goodwill:**

**Goodwill** = Average profit × Number of years of purchase

$$\begin{aligned} \text{Average profit} &= \frac{\text{Total profit}}{\text{Number of years purchase}} \\ &= \frac{5,000 + 8,000 - 3,000 + 6,000}{4} \\ &= \frac{16,000}{4} = \text{Rs. } 4,000 \end{aligned}$$

**Goodwill** = Average profit × Number of years of purchase  
= 4,000 × 3 = **Rs. 12,000**

**24) Computation of sacrificing ratio and new profit sharing ratio**

Since share sacrificed, proportion of share sacrificed and new profit sharing ratio are not given, it is assumed that the existing partners sacrifice in their old profit sharing ratio, that is, 2:1.

**Sacrificing ratio of Vimal and Athi is 2:1**

Let the total share be 1

$$\text{Jeyam's share} = \frac{1}{4}$$

$$\text{Remaining share} = 1 - \frac{1}{4} = \frac{4 - 1}{4} = \frac{3}{4}$$

**New share of old partners = Remaining share × Old share**

$$\text{Vimal} = \frac{3}{4} \times \frac{2}{3} = \frac{6}{12}$$

$$\text{Athi} = \frac{3}{4} \times \frac{1}{3} = \frac{3}{12}$$

**Share of new partner**

$$\text{Jeyam} = \frac{1}{4}$$

In order to equalise the denominator, multiply and divide by 3

$$\text{Jeyam's share} = \frac{1}{4} \times \frac{3}{3} = \frac{3}{12}$$

New profit sharing ratio of Vimal, Athi and Jeyam =  $\frac{6}{12} : \frac{3}{12} : \frac{3}{12}$ , that is, **2 : 1 : 1**

25)

### 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 shares A/c (20 × 2)			40
	(Shares forfeited)			

### 26) Calculation of Quick Ratio:

$$\text{Quick Ratio} = \frac{\text{Quick assets}}{\text{Current liabilities}} = \frac{3,60,000}{2,40,000} = \mathbf{1.5 : 1}$$

$$\begin{aligned} \text{Quick assets} &= \text{Current assets} - \text{Inventories} - \text{Prepaid expenses} \\ &= 4,50,000 - 70,000 - 20,000 = \mathbf{Rs. 3,60,000} \end{aligned}$$

### 27) Short note on Life Membership Fees:

- Life membership fee is accounted as a capital receipt and added to capital fund on the liabilities side of Balance sheet.
- It is non – recurring in nature.

### 28) Retirement of a Partner:

- When a partner leaves from partnership firm it is known as retirement.
- The reasons for the retirement of a partner may be illness, old age and disagreement with other partners, etc.

### 29) Financial Statements – Meaning:

- ♣ Financial statements are the statements prepared by the business concerns at the end of the accounting period to ascertain the operating results and the financial position.

### 30) Group in Tally. ERP9

- ✎ Group is a collection of ledgers of the same nature.
- ✎ There are predefined groups of accounts which are widely used in accounts of many organisation.
- ✎ Groups are categorised as primary groups and sub – groups.

**PART - III****III. Answer any seven questions. Question No.40 is compulsory.****7 x 3 = 21****31) Calculation of Credit Sales:**

Dr.		Total debtors account		Cr.	
Particulars	Rs.	Particulars	Rs.		
To Balance b/d	1,00,000	By Cash A/c (received)	2,30,000		
To Sales A/c (credit) (B/F)	2,80,000	By Discount allowed A/c	5,000		
		By Returns inward A/c	25,000		
		By Balance c/d	1,20,000		
	3,80,000		3,80,000		

**32) Dr. Income and Expenditure Account for the year ended 31<sup>st</sup> December, 2018 Cr.**

Expenditure	Rs.	Income	Rs.	Rs.
		By Subscription received during the year	50,000	
		Less: Subscription received for 2017	5,000	
			45,000	
		Less: Subscription received for 2019	7,000	
			38,000	
		Add: Subscription due for 2018	6,000	
			44,000	
		Add: Received in advance in 2017 for 2018	4,000	48,000

**33) Calculation of Goodwill**

Average Profit = Rs.60,000

Capital employed = Total Assets - Liabilities

= 5,00,000 - 2,00,000 = Rs. 1,00,000

Normal profit = Capital employed × Normal rate of return

= 3,00,000 × 12.5/100 = Rs. 37,500

Super profit = Average profit – Normal profit

= 60,000 – 37,500 = Rs. 22,500

Goodwill = Super profit × Number of years of purchase

= 22,500 × 2 = Rs. 45,000



34)

**Journal Entry:**

Date	Particulars	L.F	Debit Rs.	Credit Rs.
	Kavin's Capital A/c Dr. To Bank A/c (Padi off immediately)		1,50,000	1,50,000
	Kavin's Capital A/c Dr. To Kavin's Loan A/c (Padi off not immediately)		1,50,000	1,50,000
	Kavin's Capital A/c Dr. To Bank A/c To Kavin's Loan A/c (Part amount paid, remaining in future)		1,50,000	1,00,000 50,000

35)

**In the books of Gemini Ltd.,  
Journal entries**

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
	Equity share capital A/c (20 × 7) Dr. To Equity share first call A/c (20 × 2) To Forfeited shares A/c (20 × 5) (20 Shares forfeited, called up Rs.7)		140	40 100
	Bank A/c (15 × 6) Dr. Forfeited shares A/c (15 × 1) Dr. To Equity share capital A/c (15 × 7) (15 Forfeited shares reissued)		90 15	105
	Forfeited shares A/c Dr. To Capital reserve A/c (Gain on reissue of forfeited shares transferred to capital reserve account)		60	60

**36) Calculation of Return on Capital Employed:**

$$\text{Return on Investment (ROI)} = \frac{\text{Net profit before interest and tax}}{\text{Capital employed}} \times 100 = \frac{60,000}{4,00,000} \times 100 = 15\%$$

$$\begin{aligned} \text{Capital employed} &= \text{Share capital} + \text{Reserves and surplus} + \text{Long term borrowings} \\ &= 2,00,000 + 50,000 + 1,50,000 = \text{Rs. } 4,00,000 \end{aligned}$$

**37) 'Financial statements are prepared based on past data', this is a limitation because,**

- Financial statements are prepared based on historical data.
- They may not reflect the current position.
- The balance sheet is prepared on the historical record of the value of assets.
- It is just possible that assets may not have the same value.

- Financial statements are prepared according to certain conventions at a point in time, whereas the investor is concerned with the present & future of the company.
- Which is not reflected in the financial statements.
- It is a major limitation for the users of financial statements.

**38) Differences between Receipts and Payments Account and Income and Expenditure Account**

Basis	Receipts and Payments Account	Income and Expenditure Account
1. 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.
2. 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.
3. 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.

**39) The contents of the partnership deed are:**

1. The name of the firm and nature and place of business.
2. Date of commencement and duration of business.
3. Names and addresses of all partners.
4. Capital contributed by each partner.
5. Profit-sharing ratio.
6. Amount of drawings allowed to each partner.

**40) To View the profit and loss statement in Tally.ERP9**

- F10: A/c Reports > Profit and Loss A/c > Alt FI (detailed)
- (or)
- Gateway of Tally > Reports > Profit and Loss A/c > Alt FI (detailed)



**PART - IV****IV. Answer all the questions.****7 x 5 = 35****41.a.****Calculation of opening capital****In the books of Ananth****Statement of affairs as on 31<sup>st</sup> March, 2018**

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	1,70,000	Cash at bank	5,000
Capital (balancing figure)	1,93,000	Cash in hand	3,000
		Stock of Goods	35,000
		Sundry Debtors	1,00,000
		Plant and Machinery	80,000
		Land and Buildings	1,40,000
	3,63,000		3,63,000

**Calculation of closing capital****Statement of affairs as on 31<sup>st</sup> March, 2019**

Liabilities	Rs.	Assets	Rs.	Rs.
Bank overdraft	60,000	Cash in hand		4,500
Sundry Creditors	1,30,000	Stock of Goods		45,000
Capital (balancing figure)	1,57,000	Sundry Debtors	90,000	
		Less: Provision for doubtful debts @ 5%	4,500	85,500
		Plant and Machinery	80,000	
		Less: Depreciation	8,000	72,000
		Land and Buildings		1,40,000
	3,47,000			3,47,000

**Statement of profit or loss for the year ending 31<sup>st</sup> March, 2019**

Particulars	Rs.
Closing capital as on 31.3.2019	1,57,000
Add: Drawings during the year	60,000
	2,27,000
Less: Additional capital introduced during the year	17,000
Adjusted closing capital	2,10,000
Less: Opening capital as on 31.3.2018	1,93,000
Profit for the year ending 31.3.2019 (B/F)	7,000

**[OR]****41.b.****In the books of Friends Football Club****Dr. Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2017 Cr.**

<b>Expenditure</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Income</b>	<b>Rs.</b>	<b>Rs.</b>
To Sports materials consumed			By Subscription	5,000	
Purchases	800		Add: Outstanding for 2016-17	600	5,600
Less: Closing stock	100	700			
To Special dinner expenses		1,500	By Collection for special dinner		2,000
To Electricity charges		900			
To Surplus (Excess of income over Expenditure)		<b>4,500</b>			
		7,600			7,600

**Balance sheet as on 31<sup>st</sup> March, 2017**

<b>Liabilities</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>	<b>Rs.</b>
Capital fund	23,000		Furniture	12,000	
Add: Surplus (Excess of income over expenditure)	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
		33,500			33,500

**42.a.****In the books of Trichy Educational Society****Dr. Receipts and Payments Account for the year ended 31<sup>st</sup> December, 2018 Cr.**

<b>Receipts</b>	<b>Rs.</b>	<b>Payments</b>	<b>Rs.</b>
To Balance b/d Cash in hand		By Investments made	80,000
	20,000		
To Donation received	80,000	By Honorarium paid	3,000
To Locker rent received	12,000	By Audit fees	2,000
To Sale of furniture	5,000	By General expenses	7,000
To Subscription	10,000	By Postage	1,000
		By Balance c/d Cash in hand	<b>34,000</b>
	<b>1,27,000</b>		<b>1,27,000</b>

**[OR]**



**42.b.****Dr. Profit and loss appropriation account for the year ended 31st March 2018 Cr.**

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Interest on capital A/c: Antony (4,00,000 x 5%) Ranjith (3,00,000 x 5%)	20,000 15,000	35,000	By Profit and loss A/c		3,65,000
To Salary to Antony		90,000			
To Commission to Ranjith		48,000			
To Partners' capital A/c (profit) Antony (1/2) Ranjith (1/2)	96,000 96,000	<b>1,92,000</b>			
		3,65,000			3,65,000

**Note:****Calculation of commission:**

Profit before commission = 3,65,000 – (35,000+90,000) = Rs. 2,40,000

**Commission = Net profit before commission ×  $\frac{\text{Rate of commission}}{(100 + \text{Rate of commission})}$**

**Commission = 2,40,000 ×  $\frac{25}{125}$  = Rs. 48,000**

**43.a.****In the books of Kasthuri Ltd.,  
Journal entries**

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
	Bank A/c (30,000 x 3) To Equity share application A/c (Application money received)	Dr.	90,000	90,000
	Equity share application A/c (10,000 x 3) To Equity share capital A/c (Transfer of share application money to share capital)	Dr.	60,000	60,000
	Equity share application A/c (10,000 x 3) To Equity share allotment A/c (Excess share application money utilized for Allotment)	Dr.	30,000	30,000

Equity share allotment A/c (20,000 x 5) To Equity share capital A/c (20,000 x 3) To Securities Premium A/c (20,000 x 2) (Share allotment money due)	<b>Dr.</b>	1,00,000	60,000 40,000
Bank A/c (1,00,000 – 30,000) To Equity share allotment A/c (Allotment money received)	<b>Dr.</b>	70,000	70,000
Equity share first call A/c (20,000 x 2) To Equity share capital A/c (Share first call money due)	<b>Dr.</b>	40,000	40,000
Bank A/c (19,500 x 2) To Equity share first call A/c (Share first call money for 19,500 shares received)	<b>Dr.</b>	39,000	39,000
Equity share second and final call A/c To Equity share capital A/c (Share second and final call money due)	<b>Dr.</b>	40,000	40,000
Bank A/c (19,500 x 2) To Equity share second and final call A/c (Share second and final call money received)	<b>Dr.</b>	39,000	39,000
Equity share capital A/c (500 x 10) To Equity first call A/c To Equity share second and final call A/c To Forfeited shares A/c (500 Shares forfeited)	<b>Dr.</b>	5,000	1,000 1,000 3,000
Bank A/c (400 x 8) Forfeited shares A/c To Equity share capital A/c (Forfeited shares reissued)	<b>Dr.</b> <b>Dr.</b>	3,200 800	4,000
Forfeited shares A/c To Capital reserve A/c (Gain on reissue of forfeited shares transferred to capital reserve account)	<b>Dr.</b>	1,600	1,600

[OR]



**43.b.****Differences between the Statement of Affairs and the Balance Sheet**

Basis of distinction	Statement of Affairs	Balance Sheet
<b>1. Objective</b>	Statement of affairs is generally prepared to find out the capital of the business.	Balance sheet is prepared to ascertain the financial position of the business.
<b>2. Accounting system</b>	Statement of affairs is prepared when double entry system is not strictly followed.	Balance sheet is prepared when accounts are maintained under double entry system.
<b>3. Basis of preparation</b>	It is not fully based on ledger balances. Wherever possible ledger balances are taken. Some items are taken from some source documents and some items are mere estimates.	It is prepared exclusively on the basis of ledger balances.
<b>4. Reliability</b>	It is not reliable as it is based on incomplete records.	It is reliable as it is prepared under double entry system.
<b>5. Missing items</b>	It is difficult to trace the items omitted as complete records are not maintained.	Since both the aspects of all transactions are duly recorded, items omitted can be traced easily.

**44.a.****Comparative balance sheet of Muthu Ltd as on 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2018**

Particulars	2016-17 Rs.	2017-18 Rs.	Absolute amount of increase (+) or decrease (-)	Percentage increase (+) or decrease (-)
<b>I EQUITY AND LIABILITIES</b>				
Shareholders' fund	4,00,000	4,40,000	+40,000	<b>+10</b>
Non-current liabilities	1,50,000	1,65,000	+15,000	<b>+10</b>
Current liabilities	75,000	82,500	+7,500	<b>+10</b>
<b>Total</b>	<b>6,25,000</b>	<b>6,87,500</b>	<b>+62,500</b>	<b>+10</b>
<b>II ASSETS</b>				
Non-current assets	5,00,000	6,00,000	+1,00,000	<b>+20</b>
Current assets	1,25,000	87,500	-37,500	<b>-30</b>
<b>Total</b>	<b>6,25,000</b>	<b>6,87,500</b>	<b>+62,500</b>	<b>+10</b>

**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

= $\frac{40,000}{4,00,000} \times 100 = 10\%$	= $\frac{1,00,000}{5,00,000} \times 100 = 20\%$
= $\frac{15,000}{1,50,000} \times 100 = 10\%$	= $\frac{37,500}{1,25,000} \times 100 = 30\%$
= $\frac{7,500}{75,000} \times 100 = 10\%$	= $\frac{62,500}{6,25,000} \times 100 = 10\%$
= $\frac{62,500}{6,25,000} \times 100 = 10\%$	

**[OR]****44.b. Calculation of Goodwill:**

$$\begin{aligned} \text{Average profit} &= \frac{\text{Total profit}}{\text{Number of years purchase}} \\ &= \frac{(30,000 - 3,000) 27,000 + 40,000 + 50,000 + 45,000}{4} \\ &= \frac{1,62,000}{4} = \text{Rs. } 40,500 \end{aligned}$$

**Normal profit = Capital employed × Normal rate of return**

$$= 3,00,000 \times 10/100 = \text{Rs. } 30,000$$

**Super profit = Average profit – Normal profit**

$$= 40,500 - 30,000 = \text{Rs. } 10,500$$

**Goodwill =  $\frac{\text{Super profit}}{\text{Normal rate of return}} \times 100$**

$$= \frac{10,500}{10} \times 100 = \text{Rs. } 1,05,000$$

**45.a.**

**Common-size income statement of Siva Ltd  
for the year ended 31<sup>st</sup> March, 2016 and 31<sup>st</sup> March, 2017**

Particulars	Absolute amount 2015-16 Rs.	Percentage of revenue from operations for 2015-16	Absolute amount 2016-17 Rs.	Percentage of revenue from operations for 2016-17
Revenue from operations	2,00,000	100.00	3,00,000	100
<b>Add:</b> Other income	25,000	12.50	75,000	25
<b>Total revenue</b>	<b>2,25,000</b>	<b>112.50</b>	<b>3,75,000</b>	<b>125</b>
<b>Less:</b> Expenses	2,50,000	125.00	1,50,000	50
<b>Profit / loss before tax</b>	<b>-25,000</b>	<b>-12.50</b>	<b>2,25,000</b>	<b>75</b>
<b>Less:</b> Income tax (40%)	-	-	90,000	30
<b>Profit after tax</b>	<b>-25,000</b>	<b>-12.50</b>	<b>1,35,000</b>	<b>45</b>

**Note: Computation of percentage for Revenue from Operation**

$\frac{25,000}{2,00,000} \times 100 = 12.50\%$	$\frac{75,000}{3,00,000} \times 100 = 25\%$
$\frac{2,25,000}{2,00,000} \times 100 = 112.50\%$	$\frac{3,75,000}{3,00,000} \times 100 = 125\%$
$\frac{2,50,000}{2,00,000} \times 100 = 125.50\%$	$\frac{1,50,000}{3,00,000} \times 100 = 50\%$
$\frac{25,000}{2,00,000} \times 100 = 12.50\%$	$\frac{2,25,000}{3,00,000} \times 100 = 75\%$
$\frac{25,000}{2,00,000} \times 100 = 12.50\%$	$\frac{90,000}{3,00,000} \times 100 = 30\%$

	$\frac{1,35,000}{3,00,000} \times 100 = 45\%$
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**\*Note – 2 : Calculation of income tax:**

**For 2016-17: 2,25,000 x 40 / 100 = Rs. 90,000**

**[OR]**

**45.b.**

**Journal Entries**

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
2017 April 1	<b>Bank A/c</b> <span style="float: right;">Dr.</span> To Prakash's Capital A/c (Capital brought by Prakash)		<b>10,000</b>	10,000
	Trade receivables A/c <span style="float: right;">Dr.</span> To Revaluation A/c (Unrecorded trade receivables recorded)		1,000	1,000
	Revaluation A/c <span style="float: right;">Dr.</span> To Machinery A/c To Furniture A/c To Provision for doubtful debts A/c (Depreciation on machinery and furniture and provision made for doubtful debts adjusted)		11,000	6,000 3,000 2,000
	Raghu's capital A/c <span style="float: right;">Dr.</span> Sam's capital A/c <span style="float: right;">Dr.</span> To Revaluation A/c (Loss on revaluation transferred)		6,000 4,000	10,000

**Dr. Revaluation Account Cr.**

Particulars	Rs.	Particulars	Rs.	Rs.
To Machinery	6,000	By Trade receivables A/c		1,000
To Furniture	3,000	<b>By Loss on revaluation transferred to</b>		
To Provision for bad debts	2,000	Raghu's capital A/c (3/5)	6,000	
		Sam's capital A/c (2/5)	4,000	
				<b>10,000</b>
	11,000			11,000

**Dr. Capital Account Cr.**

Date	Particulars	Ragu Rs.	Sam Rs.	Prakash Rs.	Date	Particulars	Ragu Rs.	Sam Rs.	Prakash Rs.
	To Revaluation A/c	6,000	4,000	-		By Balance b/d	40,000	30,000	
	To Balance c/d	<b>34,000</b>	<b>26,000</b>	<b>10,000</b>		By Bank	-	-	10,000
		<b>40,000</b>	<b>30,000</b>	<b>10,000</b>			<b>40,000</b>	<b>30,000</b>	<b>10,000</b>
						<b>By Balance b/d</b>	<b>34,000</b>	<b>26,000</b>	<b>10,000</b>



**46.a.**

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

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**

**[OR]****46. b.****In the books of Selvam****Statement of affairs as on 31<sup>st</sup> December, 2018**

Liabilities	Rs.	Assets	Rs.
Bank Loan	45,000	Machinery	60,000
Sundry Creditors	25,000	Cash in Bank	25,000
		Sundry Debtors	70,000
Capital (balancing figure)	1,50,000	Stock	45,000
		Bills Receivable	20,000
	2,20,000		2,20,000

**Dr. Trading and Profit and loss account for the year ended 31st December, 2018 Cr.**

Particulars		Rs.	Particulars	Rs.	
<b>To Opening stock</b>		<b>45,000</b>	<b>By Sales</b>		
<b>To Purchases</b>			Cash	<b>20,000</b>	
Cash	8,000		Credit	<u>1,80,000</u>	2,00,000
Credit	52,000	60,000			
<b>To Wages</b>		6,000	<b>By Closing stock</b>		22,000
<b>To Gross profit c/d</b>		<b>1,11,000</b>			
(Transferred to Profit & Loss A/C)					
		2,22,000			2,22,000
<b>To Advertisement</b>		<b>7,000</b>	<b>By Gross profit b/d</b>		<b>1,11,000</b>
<b>To Salaries</b>		23,500			
<b>To Interest on Bank Loan</b>		4,500			
<b>To Depreciation on Machinery 10%</b>		<b>6,000</b>			
<b>To Doubtful Debts</b>		1,000			
<b>To Net profit</b>		<b>69,000</b>			
(Transferred to capital account)					
		1,11,000			1,11,000

**Balance Sheet as on 31st March, 2018**

Liabilities	Rs.	Rs.	Assets	Rs.	
<b>Capital</b>	<b>1,50,000</b>		<b>Cash at Bank</b>		<b>33,000</b>
<b>Add: Additional Capital</b>	<b>21,000</b>		<b>Machinery</b>	<b>60,000</b>	
	<b>1,71,000</b>		<b>(-) Depreciation 10%</b>	<b>6,000</b>	<b>54,000</b>
	<b>60,000</b>				
<b>Less: Drawings</b>	<b>1,11,000</b>		<b>Sundry Debtors</b>	<b>1,00,000</b>	
	<b>69,000</b>	<b>1,80,000</b>	<b>(-) Doubtful debts</b>	<b>1,000</b>	<b>99,000</b>
<b>Add: Net Profit</b>					
<b>Bank Loan</b>		<b>45,000</b>	<b>Bills Receivable</b>		<b>38,000</b>
<b>Sundry Creditors</b>		<b>21,000</b>	<b>Stock</b>		<b>22,000</b>
		<b>2,46,000</b>			<b>2,46,000</b>

**47.a)****Dr. Revaluation Account Cr.**

Particulars	Rs.	Rs.	Particulars	Rs.
To Stock		10,000	By Land A/c	28,000
To Provision for doubtful debts		3,000		
To Profit on revaluation transferred to				
Manju's capital A/c (5/10)	7,500			
Charu's capital A/c (3/10)	4,500			
Lavanya's capital A/c (2/10)	3,000	15,000		
		28,000		28,000

**Partners' Capital Account**

Particulars	Manju Rs.	Charu Rs.	Lavanya Rs.	Particulars	Manju Rs.	Charu Rs.	Lavanya Rs.
To Loan A/c	1,02,500	-----	-----	By Balance B/d	70,000	70,000	70,000
To Balance C/d	-----	89,500	83,000	By Revaluation A/c	7,500	4,500	3,000
				By Profit & Loss A/c	25,000	15,000	10,000
	1,02,500	89,500	83,000		1,02,500	89,500	83,000
				By Balance B/d	-----	89,500	83,000

**[OR]****47.b) Commonly used voucher types in Tally.ERP9.**

- Voucher is a document which contains details of a transaction.
- Transactions are to be recorded through voucher entries.
- Tally has a set of predefined vouchers such as
  1. Purchase Voucher,
  2. Sales Voucher,
  3. Payment Voucher,
  4. Receipt Voucher and
  5. Contra Voucher.
- To view the list of voucher type  
**Gateway of Tally > Masters > Accounts Info > Voucher Types > Display**
- As per the requirement of users, an additional voucher type can be created.

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