DIRECTORATE OF GOVERNMENT EXAMINATIONS, CHENNAI - 6
HIGHER SECONDARY SECOND YEAR EXAMINATION, MARCH – 2024
ACCOUNTANCY ANSWER KEY

Note:

1. **Answers written only in Black or blue should be evaluated**
2. **Choose the Correct answer and write the option code**

Maximum Marks: 90

PART – I

ANSWER ALL THE QUESTIONS: **20x1=20**

TYPE A			TYPE B		
1	(b)	Securities premium account	1	(b)	Contra voucher
2	(a)	Self generated goodwill	2	(b)	Securities premium account
3	(a)	2:1	3	(c)	Ctrl + Q
4	(d)	Nominal A/c	4	(a)	Surplus or deficit
5	(b)	Additional capital introduced	5	(b)	Total debtors account
6	(a)	5:3	6	(d)	(i) and (iv)
7	(a)	Goodwill under Annuity method=Average profit x Present value annuity factor	7	(c)	Reserve capital
8	(a)	Sale of old sports materials – Capital receipt	8	(a)	Self generated goodwill
9	(d)	110%	9	(c)	Standard costing
10	(d)	₹ 8,000 and ₹ 4,000	10	(a)	5:3
11	(c)	₹ 64,000	11	(d)	Old profit sharing ratio
12	(d)	Old profit sharing ratio	12	(a)	Goodwill under Annuity method=Average profit x Present value annuity factor
13	(b)	Total debtors account	13	(d)	₹ 8,000 and ₹ 4,000
14	(a)	Surplus or deficit	14	(b)	An Asset
15	(d)	(i) and (iv)	15	(a)	Sale of old sports materials – Capital receipt
16	(b)	An Asset	16	(a)	2:1
17	(c)	Standard costing	17	(d)	Nominal A/c
18	(c)	Reserve capital	18	(b)	Additional capital introduced
19	(c)	Ctrl + Q	19	(d)	110%
20	(b)	Contra voucher	20	(c)	₹ 64,000

PART – II

Answer any SEVEN Questions.

Question no. 30 is Compulsory **7×2=14**

<table>
<tr><th>Q.No</th><th>Answer</th><th>Marks</th></tr>
<tr><td>21</td><td>A summary of cash and bank transactions of not -for - profit organisation prepared at the end of the financial year.</td><td>2</td></tr>
<tr><td>22</td><td>Goodwill is the good name or the reputation of the business which brings benefits to the business.</td><td>2</td></tr>
<tr><td>23</td><td>When a shareholder defaults in making payment of allotment and/or call money, the shares may be forfeited.</td><td>2</td></tr>
<tr><td>24</td><td>The excess of current assets over current liabilities is called working capital.
(or)
Working capital = Current Assets – Current Liabilities</td><td>2</td></tr>
<tr><td>25</td><td>Automated accounting is an approach to maintain up to date accounting records with the aid of accounting software.</td><td>2</td></tr>
<tr><td>26</td><td>Statement of profit and loss for the year ended 31st December, 2018
<table>
<tr><th>Particulars</th><th>₹</th></tr>
<tr><td>Closing capital (as on 31.12.2018)</td><td>1,45,000</td></tr>
<tr><td>Add : Drawings</td><td>30,000</td></tr>
<tr><td>
Less : Additional capital introduced during the year</td><td>1,75,000
15,000</td></tr>
<tr><td>Adjusted closing capital
Less: Opening Capital (as on 1.1.2018)</td><td>1,60,000
1,00,000</td></tr>
<tr><td>Profit made during the year</td><td>60,000</td></tr>
</table>
Note: Full mark may be awarded if any other method is used.</td><td>2</td></tr>
<tr><td>27</td><td>Sacrificing Ratio = Old share – New share
$$\text{Praveena} = \frac{7}{10} - \frac{5}{10} = \frac{2}{10}$$ $$\text{Dhanya} = \frac{3}{10} - \frac{2}{10} = \frac{1}{10}$$ Sacrificing Ratio = 2:1</td><td>2</td></tr>
<tr><td>28</td><td>Journal entry
<table>
<tr><th>Date</th><th>Particulars</th><th>Debit ₹</th><th>Credit ₹</th></tr>
<tr><td></td><td>Reserve fund A/c Dr.
To Dheena's Capital A/c
To Surya's Capital A/c
To Janaki's Capital A/c</td><td>50,000</td><td>
25,000
15,000
10,000</td></tr>
</table></td><td>2</td></tr>
<tr><td>29</td><td>$$\text{Gross Profit Ratio} = \frac{\text{Gross profit}}{\text{Revenue from operations}} \times 100$$ $$= \frac{20{,}000}{1{,}00{,}000} \times 100 = 20\%$$ Gross Profit = Revenue from operations - Cost of revenue from operations
= 1,00,000 - 80,000 = Rs. 20,000</td><td>2</td></tr>
<tr><td>30</td><td>i. Manufacturing account
ii. Trading and profit and loss account
iii. Profit and loss appropriation account
iv. Balance sheet (Answer any two)</td><td>2</td></tr>
</table>

PART – III

ANSWER ANY SEVEN QUESTIONS. QUESTION NO. 40 IS COMPULSORY **7×3=21**

31

Basis of distinction	Statement of affairs	Balance sheet
Objective	It is generally prepared to find out the capital of the business.	It is prepared to ascertain the financial position of the business.
Accounting system	It is prepared when double entry system is not strictly followed.	It is prepared when accounts are maintained under double entry system.
Basis of preparation	It is not fully based on ledger balances.	It is prepared exclusively on the basis of ledger balances.
Reliability	It is not reliable as it is based on incomplete records	It is reliable as it is prepared under double entry system.
Missing items	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.

(Any 3 points only) — 3

32

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

Expenditure	₹	₹	Income	₹
To Stationery consumed: Openingstock	300			
Add:Purchased in the current year	1,500			
	1,800			
Less:Closing stock	200	1,600		

— 2

Balance sheet as on 31st March, 2018

Liabilities	₹	₹	Assets	₹	₹
			Stock of Stationery		200

— 1

33

Interest on Drawings = Amount of drawings×Rate of interest×$\frac{\text{Period of interest}}{12}$

$$\text{Mar } 1 = 4{,}000\ x\ \frac{6}{100}\ \text{x}\ \frac{10}{12} = ₹\,200$$

$$\text{Jun } 1 = 4{,}000\ x\ \frac{6}{100}\ \text{x}\ \frac{7}{12} = ₹\,140$$

$$\text{Sep } 1 = 4{,}000\ x\ \frac{6}{100}\ \text{x}\ \frac{4}{12} = ₹\,80$$

$$\text{Dec } 1 = 4{,}000\ x\ \frac{6}{100}\ \text{x}\ \frac{1}{12} = \ 20$$

Total interest on drawings = ₹ 440 — 3

34

$$\text{Total Capitalized value of the business} = \frac{\text{Average Profit}}{\text{Normal rate of return}}\ \text{x}\ 100 = \frac{20{,}000}{10}\ \text{x}\ 100$$ — 1 ½

$$= ₹\,2{,}00{,}000$$

Goodwill = Total capitalised value of the business – Capital employed — 1 ½

= 2,00,000 – 1,50,000 = ₹50,000

35

Dr. Revaluation Account Cr.

Particulars		₹	Particulars	₹
To Machinery A/c		4,000	By Buildings A/c	15,000
To Provision for doubtful debts A/c		1,000		
To Profit on revaluation transferred to Rajesh's capital A/c	6,000			
Ramesh's capital A/c	4,000	10,000		
		15,000		15,000

— 3

36 **Adjustments made at the time of retirement** (Marks: 3)

- ✓ Distribution of accumulated profits, reserves and losses.
- ✓ Revaluation of assets and liabilities.
- ✓ Determination of new profit sharing ratio and gaining ratio.
- ✓ Adjustment for goodwill.
- ✓ Adjustment for current year's profit and loss up to the date of retirement.
- ✓ Settlement of the amount due to the retiring partner. **(Any 3 Points)**

37 **Preference Shares** (Marks: 3)

Preference shares are the shares which have the following two preferential rights over the equity shares.

i. Preference towards the payment of dividend at a fixed rate during the life time of the company and

ii. Preference towards the repayment of capital on winding up of the company.

Equity shares

i. Equity shares are those shares which are not preference shares.

ii. These shares do not enjoy any preferential rights

iii. Rate of dividend is not fixed on equity shares

Note: Give marks to any Three other suitable points.

38 **Common-size income statement of Raja Ltd. For the year ended 31st March, 2017** (Marks: 3)

Particulars	₹	Percentage %
Revenue from operations	4,50,000	100
Add: Other income	67,500	15
Total revenue	5,17,500	115
Less: Expenses	1,35,000	30
Profit before tax	3,82,500	85

39 **Calculation of debt equity ratio:** (Marks: 3)

$$\text{Debt Equity Ratio} = \frac{\text{Long term debt}}{\text{Shareholders'fund}} = \frac{80{,}000}{1{,}60{,}000} = 0.5:1$$

Long term debt = Rs.80,000

Shareholder's fund = 1,00,000 + 60,000 = 1,60,000

40 (Marks: 3)

i) Profit and loss A/c

Gateway of Tally > Reports > Profit and Loss A/c > Alt F1 (detailed)

(or) F10: A/c Reports > Profit and Loss A/c> Alt F1 (detailed)

ii) Balance Sheet

Gateway of Tally > Reports > Balance sheet > Alt F1 (detailed)

(or) F10: A/c Reports > Balance sheet> Alt F1 (detailed)

iii) Day book

Gateway of Tally > Reports > Display> Day book> Alt F1 (detailed)

(or) F10: A/c Reports > Display> Alt F1 (detailed)

Note: Alt F1 (detailed)- Full marks can be awarded given even Alt F1 (detailed) if not written

PART – IV

ANSWER ALL THE QUESTIONS **7×5=35**

41 a)

Statement of affairs of Ganesh as on 31st March, 2018 (3)

Liabilities	₹	Assets	₹
Creditors	9,000	Cash	5,000
Bills payable	6,000	Cash at bank	24,000
Capital	88,000	Stock of goods	18,000
		Debtors	16,000
		Bills receivable	7,000
		Land and buildings	30,000
		Furniture	3,000
	1,03,000		1,03,000

Statement of profit and loss for the year ended 31st March, 2018 (2)

Particulars	₹
Closing capital (as on 31.03.2018)	88,000
Add: Drawings during the year	15,000
	1,03,000
Less: Additional capital	20,000
Adjusted closing capital	83,000
Less: Opening Capital (as on 1.4.2017)	75,000
Profit made during the year ending 31.3.2018	**8,000**

Note: Full mark may be awarded if any other method is used.

(OR)

41 b)

Dr. RevaluationAccount Cr. (1)

Particulars		₹	Particulars	₹
To Stock A/c		2,000	By Furniture A/c	15,000
To Debtors A/c		2,500		
To Outstanding wages A/c		4,500		
To Profit on revaluation transferred to Vetri's capital A/c (3/5) Ranjith's capital A/c (2/5)	 3,600 2,400	6,000		
		15,000		15,000

Dr. Partners' Capital A/c Cr. (2)

Particulars	Vetri ₹	Ranjith ₹	Suriya ₹	Particulars	Vetri ₹	Ranjith ₹	Suriya ₹
To P&L A/c	6,000	4,000	-	By Balance b/d	30,000	20,000	-
To Balance c/d	30,600	20,400	10,000	By Reserve fund A/c	3,000	2,000	-
				By Revaluation A/c	3,600	2,400	-
				By Cash A/c	-	-	10,000
	36,600	24,400	10,000		36,600	24,400	10,000
				By Balance b/d	30,600	20,400	10,000

Balance sheet as on 1st January, 2018

Liabilities	₹	₹	Assets	₹	₹
Capital A/c			Furniture	25,000	
Vetri	30,600		Add: Appreciation	15,000	40,000
Ranjith	20,400		Stock	20,000	
Suriya	10,000	61,000	Less: Depreciation	2,000	18,000
Sundry creditors		45,000	Debtors	10,000	
Outstanding wages		4,500	Less: Decrease	2,500	7,500
			Cash in hand	35,000	
			Add: Suriya's Capital	10,000	45,000
		1,10,500			1,10,500

2

42 a)

Dr. Receipts and Payments Account for the year ended 31st March,2019 Cr.

Receipts	₹	Payments	₹
To Balance b/d Cash in hand	5,000	By Balance b/d Bank overdraft	4,000
To Sale of investments	1,000	By Printing and Stationery	1,500
To Endowment fund receipts	2,000	By Interest paid	3,250
To Subscriptions received	20,000	By Purchase of refreshments	1,500
To Sundry receipts	750	By Lighting charges	1,300
To Govt, grants received	6,000	By Repairs and renewals	2,500
To Sale of refreshments	1,500	By Conveyance paid	2,750
		By Books purchased	10,000
		By Insurance premium paid	4,000
		By Balance c/d	
		Cash at bank	2,000
		Cash in hand	3,450
	36,250		36,250

5

(OR)

42 b)

Factors determining the value of goodwill of a partnership firm:

- Profitability of the firm
- Favorable location of the business enterprise
- Good quality of goods or services offered.
- Tenure of the business enterprise
- Efficiency of management
- Degree of competition
- Other factors

(Note : One mark may be awarded for headings alone)

(Any Five with Explanation)

5

43 a)

Dr. **Partners' Capital Account** Cr.

Particulars	Mannan ₹	Sevagan ₹	Particulars	Mannan ₹	Sevagan ₹
To Drawings	40,000	35,000	By Balance b/d	2,00,000	1,75,000
To Interest on Drawings	1,000	500	By P&L Appropriation A/c	21,000	16,500
To Balance c/d	2,10,000	1,69,000	By Interest on capital	12,000	10,500
			By Salary	18,000	-
			By Commission	-	2,500
	2,51,000	2,04,500		2,51,000	2,04,500
			By Balance b/d	2,10,000	1,69,000

5

(OR)

43 b)

Journal Entries

Date	Particulars	Debit ₹	Credit ₹
	Building A/c Dr. To Revaluation A/c	30,000	 30,000
	Revaluation A/c Dr. To Stock A/c To Furniture A/c To Outstanding liability A/c	18,000	 5,000 12,000 1,000
	Revaluation A/c Dr. To Roja's Capital A/c To Neela's Capital A/c To Kanaga's Capital A/c	12,000	 4,800 3,600 3,600

3

Dr. **Revaluation Account** Cr.

Particulars	₹	₹	Particulars	₹
To Stock A/c		5,000	By Building A/c	30,000
To Furniture A/c		12,000		
To Outstanding liability A/c		1,000		
To Profit on revaluation transferred to Roja's Capital A/c Neela's Capital A/c Kanga's Capital A/c	 4,800 3,600 3,600	 12,000		
		30,000		30,000

2

44 a)

Normal profit =Capital employed×Normal rate of return
=2,00,000×15/100= ₹ 30,000 — 2

Super profit =Average profit–Normal profit
=42,000–30,000= ₹ 12,000 — 1

Goodwill =Super profit×Number of years of purchase
=12,000×3= ₹ 36,000 — 2

(OR)

44 b)

1. Maintaining accounting records
2. Inventory management
3. Pay roll preparation
4. Report generation
5. Data import/export
6. Taxation

(Note : One mark may be awarded for headings alone)
(Any Five with Explanation)

5

45 a) — 5 marks

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

Expenditure	₹	Income	₹
To Rent of ground paid	12,000	By Rent of hall received	6,000
To Printing charges	5,000	By Subscription	9,000
To Bank charges	1,000	By Locker rent	2,000
To Insurance for building	2,000		
To Tournament expenses	16,000		
To Audit fees	3,000		
To Sports materials purchased	4,000	By Deficit (Excess of expenditure over income)	**26,000**
	43,000		43,000

(OR)

45 b) — 5 marks

Comparative balance sheet of Chandra Ltd. As on 31st Mar 2017, and 31st Mar 2018

Particulars	2016-17 ₹	2017-18 ₹	Absolute amount of Increase (+) or Decrease (-)	Percentage Increase (+) or Decrease (-)
I EQUITY AND LIABILITIES				
Shareholders' Fund	4,00,000	4,40,000	+40,000	+10
Non-Current Liabilities	1,50,000	1,65,000	+15,000	+10
Current Liabilities	75,000	82,500	+7,500	+10
Total	6,25,000	6,87,500	+62,500	+10
II ASSETS				
Non-current assets	5,00,000	6,00,000	+1,00,000	+20
Current assets	1,25,000	87,500	- 37,500	-30
Total	6,25,000	6,87,500	+62,500	+10

46 a) — 5 marks

Dr. **Profit and Loss Appropriation Account for the year ended 31st March 2019** Cr.

Particulars	₹	₹	Particulars	₹	₹
To Interest on capital A/c			By Profit and loss A/c		20,000
Durai		1,250	By Interest on drawings A/c		
Velan		1,500	Durai		300
To Salary to Durai A/c		5,000	Velan		450
To Commission to Velan A/c		2,000			
To Partner's capital A/c					
Durai	4,400				
Velan	6,600	11,000			
		20,750			20,750

(OR)

46 b)

i) Debt equity ratio $= \frac{\text{Long term debt}}{\text{Shareholders' fund}} = \frac{4,00,000}{5,00,000} = \mathbf{0.8:1}$ — 2

ii) Proprietary ratio $= \frac{\text{Shareholders' fund}}{\text{Total assets}} = \frac{5,00,000}{10,00,000} = \mathbf{0.5:1}$ — 1

iii) Capital gearing ratio $= \frac{\text{Funds bearing fixed interest and fixed dividend}}{\text{Equity Shareholders' fund}} = \frac{6,00,000}{3,00,000} = \mathbf{2:1}$ — 2

47 a)

Trend analysis for Mullai Ltd.

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

5

(OR)

47 b)

Journal Entries

In the books of Joy Company Journal entries

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank a/c Dr. To Equity share application a/c		45,000	45,000
	Equity share application A/c Dr. To Equity share capital A/c		45,000	45,000
	Equity share allotment A/c Dr. To Equityshare capital A/c		27,000	27,000
	Bank A/c Dr. To Equity share allotment A/c		27,000	27,000
	Equity share first and final call A/c Dr. To Equity share capital A/c		18,000	18,000
	Bank A/c Dr. To Equity share first and final call A/c		18,000	18,000

Note: Two marks may be awarded for journal entries alone

5