12th STD | Public Exam May - 2022 | Reg. No.

PART- III - ACCOUNTANCY

Time Allowed : 3.00 Hours] (with Answers) [Maximum Marks : 90

Instructions :

1) Check the question paper for fairness of printing. If there is any lack of fairness, inform the Hall Supervisor immediately.

2) Use **Blue** or **Black** ink to write and underline and pencil to draw diagrams

PART - I

Note : (i) Answer **all** the questions. [20 × 1 = 20]

(ii) Choose the most appropriate answer from the given **four** alternatives and write the option code and the corresponding answer.

1. The excess of assets over liabilities is ________.
(a) capital (b) loss
(c) profit (d) cash

2. Donation received for a specific purpose is ____.
(a) Revenue expenditure
(b) Revenue receipt
(c) Capital expenditure (d) Capital receipt

3. The mathematical expression that provides a measure of the relationship between two figures is called _________.
(a) Model (b) Conclusion
(c) Decision (d) Ratio

4. Which of the following is true?
(a) Super profit = Average profit — Normal profit
(b) Super profit = Total profit / number of years
(c) Super profit = Average profit × years of purchase
(d) Super profit = Weighted profit / number of years

5. Revaluation Account is a __________.
(a) Personal Account (b) Real Account
(c) Impersonal Account
(d) Nominal Account

6. Accounting report prepared according to the requirements of the user is __________.
(a) Trial balance
(b) Routine accounting report
(c) Balance sheet
(d) Special purpose report

7. On revaluation, the increase in liabilities leads to:
(a) Loss (b) Profit
(c) Gain (d) None of these

8. Which of the following statements is not true in relation to admission of a partner?
(a) The firm is reconstituted under a new agreement
(b) Generally mutual rights of the partners change
(c) The existing agreement does not come to an end
(d) The profits and losses of the previous years are distributed to the old partners

9. In the absence of a partnership deed, profits of the firm will be shared by the partners in:
(a) Equal ratio (b) Capital ratio
(c) Both (a) and (b) (d) None of these

10. The financial statements do not exhibit:
(a) Short-term data
(b) Non-monetary data
(c) Long-term data (d) Past data

11. In which voucher type credit purchase of furniture is recorded in Tally?
(a) Purchase voucher (b) Receipt voucher
(c) Payment voucher (d) Journal voucher

12. Current assets excluding inventory and prepaid expenses is called:
(a) Funds (b) Reserves
(c) Quick assets (d) Tangible assets

13. Which of the following statements is not true?
(a) Trend analysis refers to the study of movement of figures for one year.
(b) Notes and schedules also form a part of financial statements.
(c) The common-size statements show the relationship of various items with some common base, expressed as percentage of the common base.
(d) The tools of financial statement analysis include common-size statement.

14. The amount received over and above the par value is credited to _________.
(a) Share capital account
(b) Securities premium account
(c) Forfeited shares account
(d) Calls in advance account

15. The following are the profits of a firm in the last five years: 2014 : ₹ 4,000 ; 2015 : ₹ 3,000 ; 2016 : ₹ 5,000 ; 2017 : ₹ 4,500; 2018 : ₹ 3,500 ;
(a) ₹ 6,000 (b) ₹ 12,000
(c) ₹ 4,000 (d) ₹ 5,000

16. Statement of affairs is a __________.
(a) Summary of cash transactions
(b) Statement of income and expenditure
(c) Summary of credit transactions
(d) Statement of assets and liabilities

17. Income and Expenditure Account is prepared to find out:
(a) surplus or deficit (b) profit or loss
(c) financial position (d) cash and bank balance

18. When a partner withdraws regularly a fixed sum of money at the end of every month period for which interest is to be calculated on the drawings on an average is __________.
(a) 12 months (b) 5.5 months (c) 6.5 months (d) 6 months

19. That part of share capital which can be called up only on the winding up of a company is called:
(a) Capital reserve (b) Authorised capital
(c) Reserve capital (d) Called up capital

20. Which of the following statement is false?
(a) Reserve capital can be called at the time of winding up.
(b) Issued capital can never be more than the authorised capital.
(c) Paid up capital is part of called up capital.
(d) In case of under subscription, issued capital will be less than the subscribed capital.

PART - II

Note: Answer **any seven** questions. Question No. **30** is **compulsory**. **7 × 2 = 14**

21. What is statement of affairs?

22. What is legacy?

23. Kavitha is a partner in a firm. She withdraws ₹2,500 p.m. regularly. Interest on drawings is charged @ 4% p.a. Calculate the interest on drawings using average period, if she draws at the beginning of every month.

24. What is super profit?

25. What is sacrificing ratio?

26. What is meant by retirement of a partner?

27. Abdul Ltd. issues 50,000 equity shares of ₹10 each payable fully on application. Pass journal entries if shares are issued at a premium of ₹3 per share.

28. Calculate quick ratio form the following details : Total current liabilities ₹ 2,40,000; Total current assets ₹ 4,50,000; Inventories ₹ 70,000; Prepaid expenses ₹ 20,000

29. What is automated accounting System?

30. From the following particulars, prepare comparative income statement of Tharun Co. Ltd.

Particulars	2016-17 ₹	2017-18 ₹
Revenue from operations	1,00,000	1, 25,000
Other income	25,000	20,000
Expenses	75,000	60,000

PART - III

Note: Answer **any seven** questions. Question No. **40 is** compulsory. **7 × 3 = 21**

31. From the following details find out total sales made during the year.

Particulars	₹
Debtors on 1st January 2018	1, 30, 000
Cash received from debtors during the year	4, 20,000
Sales returns	35, 000
Bad debts	15,000
Debtors on 31st December 2018	2, 00, 000
Cash sales	4, 60, 000

32. Akash, Bala, Chandru and Daniel are partners in a firm. There is no partnership deed. How will you deal with the following?
(i) Akash has contributed maximum capital. He demands interest on capital at 10% per annum.
(ii) Akash demands the profit to be shared in the capital ratio. But, others do not agree.
(v) Loan advanced by Chandru to the firm is ₹ 50,000. He demands interest on loan @ 12% per annum.

33. The profits and losses of a firm for the last four years were as follows: 2015 : ₹ 15,000 ; 2016 : ₹ 17,000 ; 2017: ₹ 6,000 (Loss) ; 2018 : ₹ 14,000. You are required to calculate the amount of goodwill on the basis of 5 years purchase of average profits of the last 4 years.

34. What are the adjustments required at the time of admission of a partner?

35. Distinguish between sacrificing ratio and gaining ratio.

36. Rajan Ltd. purchased machinery of ₹ 6,00,000 from Jagan Traders. It issued equity shares of ₹ 10 each fully paid in satisfaction of their claim. What entries will be made if such issue is made? (i) shares issued at par. (ii) at a premium of 50%.

37. From the following particulars of Maria Ltd. and Kala Ltd., prepare common size income statement for the year ended 31st March 2019.

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

38. From the following information calculate debt equity ratio.

Balance Sheet (Extract) as on 31.03.2018

Particulars	₹
I. Equity and Liabilities	
1. Shareholder's funds	
(a) Share capital	
Equity share capital	1,00,000
(b) Reserves and surplus	60,000
2. Non-Current liabilities:	
Long-term borrowings (Debentures)	80,000
3. Current liabilities:	
(a) Trade payable	50,000
(b) Other current liabilities	
Outstanding expenses	30,000
Total	3,20,000

39. Write a brief note on Accounting vouchers.

40. How will the following appear in the final accounts of Marthandam Women Cultural Association?

Stock of sports materials on 1.4.2018	:	32,000
Sports materials purchased during the year	:	1,68,000
Sale of old sports materials during the year	:	1,000
Stock of sports materials on 31.3.2019	:	20,000

PART - IV

Note: Answer **all** the questions:. 7 × 5 = 35

41. (a) From the following particulars calculate total purchases.

Particulars	₹
Sundry Creditors on 1st April, 2017	75,000
Bills payable on 1st April, 2017	60,000
Paid cash to creditors	3,70,000
Paid for bills payable	1,00,000
Purchases returns	15,000
Cash Purchases	3,20,000
Creditors on 31st March 2018	50,000
Bills payable on 31st March 2018	80,000

(OR)

(b) From the following Balance sheet of Arunan Ltd. as on 31.03.2019.
Calculate : (i) Debt - equity ratio (ii) Proprietary ratio and (iii) Capital gearing ratio

	Particulars	₹
I	Equity and Liabilities :	
	1. Shareholder's Funds	
	(a) Share Capital	
	Equity Share Capital	1,50,000
	8% Preference Share Capital	2,00,000
	(b) Reserves and surplus	1,50,000
	2. Non-current liabilities	
	Long-term borrowings (9% Debentures)	4,00,000
	3. Current liabilities	
	(a) Short-term borrowings from banks	25,000
	(b) Trade Payables	75,000
	Total	10,00,000
II	Asstes	
	1. Non-current assets :	
	Fixed assets	7,50,000
	2. Current assets	
	(a) Inventories	1,20,000
	(b) Trade receivables	1,00,000
	(c) Cash & Cash equivalents	27,500
	(d) Other current assets :	
	Expenses paid in advance	2,500
	Total	10,00,000

42. (a) From the following particulars of Tamil Educational Society, prepare Receipts and Payments accounts for the year ended 31st March 2019.

Particulars	₹	Particulars	₹
Opening Cash balance as on 1.4.2018	18,000	Building purchased	2,10,000
Rent paid	6,000	Staff salary	55,000
Scholarship given	15,200	Subscription received	2,65,000
Entrance fees received	18,500		

(OR)

(b) Akash, Mugesh and Sanjay are partners in a firm sharing profits and losses in the ratio of 3:2:1. Their balance sheet as on 31st March, 2017 is as follows:

Liabilities	₹	₹	Assets	₹
Capital accounts:			Buildings	1,10,000
Akash	40,000		Vehicle	30,000
Mugesh	60,000		Stock in trade	26,000
Sanjay	30,000	1,30,000	Debtors	25,000
Profit and loss appropriation A/c		12,000	Cash in hand	15,000
General reserve		24,000		
Workmen compensation fund		18,000		
Bills payable		22,000		
		2,06,000		2,06,000

Pass journal entry to transfer accumulated profit general reserve and workmen compensation fund and prepare the capital account of the partners.

43. **(a)** From the following information, calculate the value of goodwill based on 3 years purchase of super profit.

(i) Capital employed : ₹ 2,00000 (ii) Normal rate of return : 15% (iii) Average profit of the business ₹ 42,000

(OR)

(b) Joy Company issued 10,000 equity shares at ₹10 per share payable ₹5 on application, ₹3 on allotment and ₹2 on first and final call. The public subscribed for 9,000 shares. The directors allotted all the 9,000 shares and duly received the money. Pass the necessary journal entries.

44. **(a)** From the following particulars, prepare comparative balance sheet of Malar Ltd. as on 31st March, 2016 and 31st March, 2017.

	Particulars	31st March, 2016 ₹	31st March, 2017 ₹
I	**Equity and Liabilities :**		
	1. Shareholder's Funds		
	(a) Share Capital	2,00,000	2,50,000
	(b) Reserves and surplus	50,000	50,000
	2. Non-current liabilities		
	Long-term borrowings	30,000	60,000
	3. Current liabilities		
	Trader Payables	20,000	60,000
	Total	3,00,000	4,20,000
II	**Asstes**		
	1. Non-current assets		
	(a) Fixed assets	1,00,000	1,50,000
	(b) Non-current investments	50,000	75,000
	2. Current assets		
	Inventories	75,000	1,50,000
	Cash & Cash equivalents	75,000	45,000
	Total	3,00,000	4,20,000

(OR)

(b) From the following Receipts and Payment Account of Ooty Recreation Club, prepare income and expenditure account for the year ended 31.03.2018.

Receipts	₹	Payments	₹
To Opening balance		By sports materials purchased	10,000
Cash in hand	5,000		
To rent received	10,000	By stationery paid	7,000
To Sale of investments	8,000	By computer purchased	25,000
To subscription received	54,000	By salaries	20,000
		By Closing Balance	
		Cash in hand	15,000
	77,000		77,000

45. **(a)** Sriram and Raj are partners sharing profits and losses in the ratio of 2:1. Nelson joins as a partner on 1st April 2017. The following adjustments are to be made :

(i) Increase the value of stock by ₹5,000.

(ii) Bring into record investment of ₹7,000 which had not been recorded in the books of the firm.

(iii) Reduce the value of office equipment by ₹10,000.

(iv) A provision would also be made for outstanding wages for ₹9,500.

Give Journal entries and prepare revaluation account.

(OR)

(b) **From the following particulars, calculate total sales.**

Particulars	₹	Particulars	₹
Debtors on 1st April 2018	2,50,000	Bills receivable dishonoured	15,000
Bills receivable on 1st April 2018	60,000	Returns inward	50,000
Cash received from debtors	7,25,000	Bills receivable on 31st March, 2019	90,000
Cash received for bills receivable	1,60,000	Sundry debtors on 31st March, 2019	2,40,000
Bad debts	30,000	Cash sales	3,15,000

46. (a) (i) Kayal, Mala and Neela are partners sharing profits in the ratio of 2:2:1. Kayal retires and the new profit sharing ratio between Mala and Neela is 3:2. Calculate the gaining ratio.

(ii) Sunil, Sumathi and Sundari are partners sharing profits in the ratio of 3:3:4. Sundari retires and her share is taken up entirely by Sunil. Calculate the new profit sharing ratio and gaining ratio.

(OR)

(b) Prepare common-size statement of financial position for the following particulars of Yasmin Ltd. and Sakthi Ltd.

Particulars	Yasmin Ltd. ₹	Sakthi Ltd. ₹
I Equity and Liabilities		
1. Shareholders' Fund		
a) Share capital	2,00,000	3,00,000
b) Reserves and surplus	50,000	60,000
2. Non-current liabilities		
Long-term borrowings	1,50,000	1,80,000
3. Current liabilities		
Trade payables	1,00,000	60,000
Total	5,00,000	6,00,000

II Assets		
1. Non-current assets		
a) Fixed assets	2,00,000	3,00,000
b) Non - current investments	50,000	1,20,000
2. Current assets		
Inventories	2,00,000	90,000
Cash and cash equivalents	50,000	90,000
Total	5,00,000	6,00,000

47. (a) From the following statement of profit and loss of Mukesh Ltd. Calculate,

(i) Gross profit ratio (ii) Net profit ratio

Statement of Profit and Loss

	Particulars	**Amount ₹**
I.	Revenue from operations	2,50,000
II.	Other income:	
	Income from investment	20,000
III.	Total revenues (I + II)	2, 70,000
IV.	Expenses :	90,000
	Purchase of stock in trade	10,000
	Charges in inventories	15,000
	Expenses on Employee benefits	55,000
	Other expenses	25,000
	Provision for Tax	
	Total Expenses	1,95,000
V.	Profit for the year	75,000

(OR)

(b) Explain any five applications of computerized accounting system.

❁❁❁❁❁

ANSWERS

Part - I

1. (a) capital
2. (d) capital receipt
3. (d) Ratio
4 (a) Super profit = Average profit — Normal profit
5. (d) Nominal Account
6. (d) Special purpose report
7. (a) Loss
8. (c) The existing agreement does not come to an end
9. (a) Equal ratio
10 (b) Non-monetary data
11. (d) Journal voucher
12. (c) Quick assets
13. (a) Trend analysis refers to the study of movement of figures for one year.
14. (b) Securities premium account
15. (c) ₹4,000
16. (d) Statement of assets and liabilities
17. (a) surplus or deficit
18. (b) 5.5 months
19. (c) Reserve capital
20. (d) In case of under subscription, issued capital will be less than the subscribed capital.

Part - II

21. A statement of affairs is a statement showing the balances of assets and liabilities on a particular date. This method of ascertaining profit is also called as statement of affairs method or networth method or capital comparison method. Capital = Assets – Liabilities.
22. A gift made to a not–for–profit organisation by a will, is called legacy. It is a capital receipt.
23. **If drawings are made at the beginning of every month :**

Total amount withdrawn $= 2500 \times 12 = ₹30{,}000$; Average period = 6.5

Interest on drawings $= \text{Total amount of drawings} \times \text{Rate of interest} \times \dfrac{\text{Average Period}}{12}$

$$= ₹30{,}000 \times \frac{4}{100} \times \frac{6.5}{12} = ₹650$$

24. The excess of average profit over normal profit is called super profit. The goodwill under the super profits method is calculated by multiplying the super profits by certain number of years purchase.
Super profit = Average profit – Normal profit.
25. Sacrificing ratio is the proportion of the profit which is sacrificed or foregone by the old partners in favour of the new partner. The purpose of finding the sacrificing ratio is to share the goodwill brought in by the new partner. Share sacrificed = Old share – New share ; Sacrificing ratio = Ratio of share sacrificed by the old partners
26. When a partner leaves from a partnership firm, it is known as retirement. The reasons for the retirement of a partner may be illness, old age, better opportunity elsewhere, disagreement with other partners, etc.
27. **Issued at a premium:**

In the books of Abdul Ltd
Journal entries

Date	Particulars		L.F	Debit ₹	Credit ₹
	Bank A/c (50000 × 13)	Dr		6,50,000	
	To Share application A/c				6,50,000
	(Application money received)				
	Share application A/c	Dr		6,50,000	
	To Share capital A/c (50,000 × 10)				5,00,000
	To Securities premium A/c				1,50,000
	(Application money transferred)				

28. Quick ratio $= \dfrac{\text{Quick assets}}{\text{Current liabilities}}$

Quick assets = Current assets – Inventories – Prepaid expenses

$= ₹4{,}50{,}000 + ₹70{,}000 - ₹20{,}000 = ₹3{,}60{,}000$

Quick ratio $= \dfrac{3{,}60{,}000}{2{,}40{,}000} = 1.5:1$

29. Automated accounting is an approach to maintain up-to-date accounting records with the aid of accounting software. Under manual accounting system entries are made in different books of accounts while accounting software packages sallow manual entry in one field or one place.

30. **Comparative income statement of Tharun Co. Ltd for the years ended 31st March 2017, and 31st March 2018**

Particulars	2016 - 17 ₹	2017-18 ₹	Absolute amount of increase (+) or decrease (–)	Percentage increase (+) or decrease
Revenue from operations	1,00,000	1,25,000	+ 25,000	25
Add :				
Other Income	25,000	20,000	– 5,000	– 20
Total revenue	1,25,000	1,45,000	+ 20,000	+ 16
Less :				
Expenses	75,000	60,000	–15,000	– 20
Profit before tax	50,000	85,000	+ 35, 000	+ 70

Part - III

31.

Dr Total Debtors account Cr

Particulars	₹	Particulars	₹
To Balance b/d	1,30,000	By Cash received	4,20,000
To Credit sales (Balancing figure)	**5,40,000**	By Sales return A/c	35,000
		By Bad debts	15,000
		By Balance c/d	2,00,000
	6,70,000		6,70,000

Total sales = Cash sales + Credit sales = 4,60,000 + 5,40,000 = ₹ **10,00,000**

32. Since there is no partnership deed, provisions of the Indian partnership Act, 1932 will apply.
   (i) No interest on capital is payable to any partner. Therefore Akash is entitled to the interest in capital.
   (ii) Profits should be distributed equally.
   (ii) Interest on loan is payable at 6% per annum of ₹50,000.

33. Goodwill = Average profit × Number of years of purchase

$$\text{Average profit} = \frac{\text{Total profit}}{\text{Number of years}}$$

$$\text{Average profit} = \frac{15{,}000 + 17{,}000 - 6{,}000 + 14{,}000}{4} = \frac{40{,}000}{4} = ₹\ 10{,}000$$

Goodwill = Average profit × Number of years of purchase = 10,000 × 5 = ₹50,000

34. The following adjustment are necessary at the time of admission of a partner
   (i) Distribution of accumulated profits, reserves and losses.
   (ii) Revaluation of assets and liabilities
   (iii) Determination of new profit sharing ratio and sacrificing ratio
   (iv) Adjustment for goodwill
   (v) Adjustment of capital on the basis of new profit sharing ratio (if so agreed).

35.

S. No.	Basis	Sacrificing ratio	Gaining ratio
1.	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.

2.	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.
3.	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.
4.	Method of Calculation	It is the difference between the old ratio and the new ratio. Sacrificing ratio = Old profit sharing ratio – New profit sharing ratio.	It is the difference between the new ratio and the old ratio. Gaining ratio = New profit sharing ratio – Old profit sharing ratio.

36. **In the books of Rajan Ltd Journal entries**

(i) When shares are issued at par :

Date	Particulars	L.F	Debit ₹	Credit ₹
	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 ₹10 each fully paid)		6,00,000	 6,00,000

(ii) When shares are issued at a premium of 50%

Date	Particulars	L.F	Debit ₹	Credit ₹
	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 (40,000 × 10) To Securities premium A/c (40,000 × 5) (Issue of 40,000 shares of ₹10 each at a premium of 50%)		6,00,000	 4,00,000 2,00,000

37.

Common size income statement for the year ended 31st March, 2019

Particulars	Maria Ltd		Kala Ltd	
	Absolute amount ₹	Percentage of revenue from operations	Absolute amount ₹	Percentage of revenue from operations
Revenue from Operations **Add :** Other income	1,00,000 10,000	100 10	2,00,000 30,000	100 15
 Less : Expenses	1,10,000 70,000	110 70	2,30,000 1,20,000	115 60
Profit before tax	40,000	40	1,10,000	55

38. Debt equity ratio $= \dfrac{\text{Long term debt}}{\text{Shareholders' funds}}$; Long term debt = Debentures = ₹ 80,000

Shareholders' funds = Equity share capital + Reserves and surplus

= 1,00,000 + 60,000 = ₹1,60,000 ; Debt equity ratio $= \dfrac{80,000}{1,60,000} = 0.5:1$

39. This type of a voucher basically analyses a business transaction from the accounting stand point and is used for recording purposes. These are commonly prepared by accountants on the basis of supporting vouchers and approved by a different individual. They are further subdivided into two, Cash and Non-cash vouchers.

Examples of cash type : 1. Credit Vouchers 2. Debit Vouchers

Examples of the Non-cash type : 1. Debit note, 2. Credit note 3. Invoice

40. **Income and Expenditure Account for the year ended 31st March 2019**

Dr **Cr**

Expenditure	₹	₹	Income	₹
To sports material consumed			By sale of old sports materials	1,000
Opening stock				
Add :	32,000			
Purchased in the current year	1,68,000			
	2,00,000			
Less :				
Closing stock	20,000	1,80,000		

Balance sheet as on 31st March 2019

Liabilities	₹	₹	Assets	₹	₹
			Stock of sports materials		20,000

Part - IV

41. **(a)** Dr **Bills Payable account** Cr

Particulars	₹	Particulars	₹
To Cash A/c (Bills paid)	1,00,000	By Balance b/d	60,000
To Balance c/d	80,000	By Sundry Creditors A/c	
		(Bills accepted -Balancing figure)	**1,20,000**
	1,80,000		1,80,000

Dr **Total Creditors account** Cr

Particulars	₹	Particulars	₹
To Cash A/c (paid)	3,70,000	By Balance b/d	75,000
To Purchases return A/c	15,000	By Purchases A/c (Credit)	**4,80,000**
To Bills payable A/c (bills accepted)	1,20,000	(Balancing figure)	
To Balance c/d	50,000		
	5,55,000		5,55,000

Total purchases = Cash purchase + Credit purchases = ₹3,20,000 + ₹4,80,000 = ₹8,00,000

(OR)

(b) (i) Debt equity ratio $= \dfrac{\text{Long term debt}}{\text{Shareholder's funds}}$

Long term debt = 9% debentures = ₹4,00,000

Shareholder's funds = Equity share capital + preference share capital + Reserves and surplus

= 1,50,000 + 2,00,000 + 1,50,000 = ₹5,00,000

∴ Debt equity ratio $= \dfrac{4,00,000}{50,00,000} = 0.8 : 1$

(ii) Proprietary ratio $= \dfrac{\text{Shareholder's funds}}{\text{Total assets}} = \dfrac{5,00,000}{10,00,000} = 0.5 : 1$

(iii) Capital gearing ratio $= \dfrac{\text{Funds bearing fixed interest and dividend}}{\text{Equity shareholder's funds}}$

Funds bearing fixed interest
or fixed interest = 8% Preference share capital + 9% Debentures = 2,00,000 + 4,00,000 = ₹6,00,000
Equity shareholder's funds = Equity share capital + Reserves and surplus = 1,50,000+ 1,50,000 = ₹3,00,000

Capital gearing ratio $= \dfrac{6,00,000}{3,00,000} = 2 : 1$

42. (a) **In the books of Tamil Educational Society**

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

Receipts	₹	Payments	₹
To Balance b/d		By Rent paid	6,000
Cash in hand	18,000	By Scholarship given	15,200
To Entrance fees	18,500	By Building purchased	2,10,000
To Subscription received	2,65,000	By Staff salary	55,000
		By Balance c/d	
		Cash in hand	15,300
	3,01,500		3,01,500

(OR)

(b)

Journal Entries

Date	Particulars	L.F	Debit ₹	Credit ₹
2017 March 31	Profit and Loss appropriation A/c Dr.		12,000	
	General reserve A/c Dr.		24,000	
	Workmen compensation fund Dr.		18,000	
	To Akash's capital A/c (54,000 × 3/6)			27,000
	To Mugesh's capital A/c (54,000 × 2/6)			18,000
	To Sanjay's capital A/c (54,000 × 1/6)			9,000
	(Accumulated profits and reserve transferred to all partner's capital account in the old profit sharing ratio)			

Capital Account

Dr Cr

Particulars	Akash ₹	Mukesh ₹	Sanjay ₹	Particulars	Akash ₹	Mukesh ₹	Sanjay ₹
To Balance c/d	67,000	78,000	39,000	By Balance b/d	40,000	60,000	30,000
				By Accumulated profit and loss A/c	27,000	18,000	9,000
	67,000	78,000	39,000		67,000	78,000	39,000
				By Balance b/d	67,000	78,000	39,000

43. (a) Normal profit = Capital employed × Normal rate of return = 2,00,000 × 15% = ₹30,000

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

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

(OR)

(b)

In the books of Joy Company - Journal entries

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c (9,000 × 5) Dr. To Equity share application A/c (Application money received)		45,000	45,000
	Equity share application A/c Dr. To Equity share capital A/c (Transfer of application money to share capital A/c)		45,000	45,000
	Equity share allotment A/c Dr. To Equity share capital A/c (Allotment money due)		27,000	27,000
	Bank A/c Dr. To Equity share allotment A/c (Allotment money received)		27,000	27,000
	Equity share first and final call A/c Dr. To Equity share capital A/c (Call money due)		18,000	18,000
	Bank A/c Dr. To Equity share first and final call A/c (Call money received)		18,000	18,000

44. (a) **Comparative balance sheet of Malar Ltd as on 31st March 2016, and 31st March 2017**

Particulars	2015 - 16 ₹	2016-17 ₹	Absolute amount of increase (+) or decrease (–) ₹	Percentage increase (+) or decrease
I EQUITY AND LIABILITIES				
1. Shareholders' Fund				
a) Share capital	2,00,000	2,50,000	+50,000	+25
b) Reserves and surplus	50,000	50,000	–	–
2. Non-current liabilities				
Long-term borrowings	30,000	60,000	+30,000	+100
3. Current liabilities				
Trade payables	20,000	60,000	+40,000	+200
Total	3,00,000	4,20,000	+1,20,000	+40

II ASSETS				
1. Non-current assets				
a) Fixed assets	1,00,000	1,50,000	+50,000	+50
b) Non-current investments	50,000	75,000	+25,000	+50
2. Current assets				
Inventories	75,000	1,50,000	+75,000	+100
Cash and cash equivalents	75,000	45,000	–30,000	– 40
				+ 40
Total	3,00,000	4,20,000	+1,20,000	+ 40

(OR)

(b) In the books of Ooty Recreation Club

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

Expenditure	₹	Income	₹
To Sports materials purchased	10,000	By Rent received	10,000
To Stationery paid	7,000	By Subscription received	54,000
To Salaries	20,000		
To Surplus	27,000		
(Excess of income over expenditure)			
	64,000		64,000

45. **(a) Journal entries**

Date	Particulars		L.F	Debit ₹	Credit ₹
2017 April 1	Stock A/c	Dr.		5,000	
	Investment A/c	Dr.		7,000	
	To Revaluation A/c				12,000
	(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
	(Reduction in the value of office equipment and 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
	(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

(OR)

(b)

Dr — Bills receivable account — Cr

Particulars	₹	Particulars	₹
To Balance b/d	60,000	By Cash A/c	1,60,000
To Debtors A/c (Bills received during the year - balancing figure)	**2,05,000**	By Debtors (Bills receivable dishonored)	15,000
		By Balance c/d	90,000
	2,65,000		2,65,000

Dr — Total Debtors account — Cr

Particulars	₹	Particulars	₹
To Balance b/d	2,50,000	By Cash	7,25,000
To Bills receivable (dishonored)	15,000	By Returns inward	50,000
To Credit sales	**9,85,000**	By Bills receivable (bills received)	2,05,000
		By Bad debts	30,000
		By Balance c/d	2,40,000
	12,50,000		12,50,000

Total sales = Cash sales + Credit sales = ₹ 3,15,000 + ₹ 9,85,000 = ₹ 13,00,000

46. **(a)** (i) Share gained = New share – Old share

Mala $= \frac{3}{5} - \frac{2}{5} = \frac{1}{5}$; Neela $= \frac{2}{5} - \frac{1}{5} = \frac{1}{5}$

Therefore, the gaining ratio of Mala and Neela is 1:1.

(ii) Share gained by Sunil $= \frac{4}{10}$; Gaining ratio $= \frac{4}{10}$: 0 that is, 4 : 0. New share of continuing partner = Old share + Share gained Sunil $= \frac{3}{10} + \frac{4}{10} = \frac{7}{10}$; Sumathi $= \frac{3}{10} + 0 = \frac{3}{10}$

Therefore, new profit sharing ratio of Sunil and Sumathi is $\frac{7}{10} : \frac{3}{10}$ that is 7:3.

(OR)

(b)

Common-size balance sheet of Yasmin Ltd and Sakthi Ltd

Particulars	Yasmin Ltd		Sakthi Ltd	
	Absolute amount ₹	Percentage of total assets	Absolute Amount ₹	Percentage of total assets
I Equity and liabilities				
1. Shares holder's fund				
a. Share capital	2,00,000	40	3,00,000	50
b. Reserve and surplus	50,000	10	60,000	10
2. Non-current liabilities				
Long-term borrowings	1,50,000	30	1,80,000	30
3. Current liabilities				
Trade payables	1,00,000	20	60,000	10
Total	5,00,000	100	6,00,000	100
II. Assets				
1. Non-current assets				
a. Fixed assets	2,00,000	40	3,00,000	50
b. Non - current investments	50,000	10	1,20,000	20
2. Current assets				
Inventories	2,00,000	40	90,000	15
Cash and cash equivalents	50,000	10	90,000	15
Total	5,00,000	100	6,00,000	100

47. (a) (i) Gross profit ratio $= \dfrac{\text{Gross profit}}{\text{Revenue from operations}} \times 100$

Gross profit = Revenue from operations – Cost of revenue from operations

= 2,50,500 - 1,00,000 = ₹ 1,50,000

Cost of revenue from operations = purchase of stock in trade + changes in inventories

= 90,000 + 10,000 = ₹ 1,00,000

Gross profit ratio $= \dfrac{1{,}50{,}000}{2{,}50{,}000} \times 100 = 60\%$

(ii) Net profit ratio $= \dfrac{\text{Net profit after tax}}{\text{Revenue from operations}} \times 100$

$= \dfrac{75{,}000}{2{,}50{,}000} \times 100 = 30\%$

(OR)

(b) The applications of CAS are as follows :

(i) **Maintaining accounting records :** In CAS, accounting records can be maintained easily and efficiently for long time period. It facilitates fast and accurate retrieval of data and information.

(ii) **Inventory management :** CAS facilitates efficient management of inventory. Updated information about availability of inventory, level of inventory, etc., can be obtained instantly.

(iii) **Report generation :** CAS helps to generate various routine and special purpose reports.

(iv) **Data import/export :** Accounting data and information can be imported from or exported to other users within the organisation as well as outside the organisation.

(v) **Taxation:** CAS helps to compute various taxes and to deduct these and deposit the same to the Government account.

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