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DHOSTH Accountancy

12

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PREFACE

FROM THE PUBLISHER

This book provides excellent insight into the minds of the students of the higher secondary, and perhaps being the most leading publications, which will draw the students to gain a maximum benefit out of this.

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This book is unique in its knowledge and definitely on the shortlist for those who wish to understand the lessons more appropriately and face the examinations boldly.

“BEST WISHES”

- Publishers

DHOSTH 12TH STANDARD MLM**XII - Accountancy**

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BOOK BACK ONE WORD

1. Incomplete records are generally maintained by **Small sized sole trader business**
2. Statement of affairs is a **Statement of assets and liabilities**
3. Opening statement of affairs is usually prepared to find out the **Capital in the beginning of the year**
4. The excess of assets over liabilities is **Capital**
5. Which of the following items relating to bills payable is transferred to total creditors account? **Bills payable accepted during the year**
6. The amount of credit sales can be computed from **Total debtors account**
7. Which one of the following statements is not true in relation to incomplete records? **It is suitable for all types of organisations**
8. What is the amount of capital of the proprietor, if his assets are 85,000 and liabilities are 21,000? **64,000**
9. When capital in the beginning is 10,000, drawings during the year is 6,000, profit made during the year is 2,000 and the additional capital introduced is 3,000, find out the amount of capital at the end. **9,000**
10. Opening balance of debtors: 30,000, cash received: 1,00,000, credit sales: 90,000; closing balance of debtors is **20,000**
11. Receipts and payments account is a **Real A/c**
12. Receipts and payments account records receipts and payments of **Both revenue and capital nature**
13. Balance of receipts and payments account indicates the **Cash and bank balance as on the date**
14. Income and expenditure account is a **Nominal A/c**
15. Income and Expenditure Account is prepared to find out **Surplus or deficit**
16. Which of the following should not be recorded in the income and expenditure account? **Sale proceeds of furniture**
17. Subscription due but not received for the current year is **An asset**
18. Legacy is a **Capital receipt**
19. Donations received for a specific purpose is **Capital receipt**
20. There are 500 members in a club each paying 100 as annual subscription. Subscription due but not received for the current year is 200; Subscription received in advance is 300. Find out the amount of subscription to be shown in the income and expenditure account. **50,000**
21. In the absence of a partnership deed, profits of the firm will be shared by the partners in **Equal ratio**
22. In the absence of an agreement among the partners, interest on capital is **Not allowed**
23. As per the Indian Partnership Act, 1932, the rate of interest allowed on loans advanced by partners is **6% per annum**
24. Which of the following is shown in Profit and loss appropriation account? **Partners' salary**
25. When fixed capital method is adopted by a partnership firm, which of the following items will appear in capital account? **Additional capital introduced**
26. When a partner withdraws regularly a fixed sum of money at the middle of every month, period for which interest is to be calculated on the drawings on an average is **6 months**
27. Which of the following is the incorrect pair?
 - (a) Interest on drawings – Debited to capital account
 - (b) Interest on capital – Credited to capital account
 - (c) Interest on loan – Debited to capital account
 - (d) share of profit – credited to capital account

Ans: (c) Interest on loan – Debited to capital account

Don't count your chickens before they're hatched.

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28. In the absence of an agreement, partners are entitled to **Interest on loan**
29. Pick the odd one out Interest on partners' capital is allowed at 7% per annum Geetha, a partner, is entitled to receive commission @ 5% on profits after charging such commission. Find out commission. **500**
30. Which of the following statements is true?
 (a) Goodwill is an intangible asset (b) Goodwill is a current asset
 (c) Goodwill is a fictitious asset (d) Goodwill cannot be acquired
Ans: Goodwill is an intangible asset
31. Super profit is the difference between **Capital employed and average profit**
32. The average rate of return of similar concerns is considered as **Normal rate of return**
33. 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
(c) Super profit = Average profit – Normal profit
34. Identify the incorrect pair
 (a) Goodwill under Average profit method - Average profit × Number of years of purchase
 (b) Goodwill under Super profit method - Super profit × Number of years of purchase
 (c) Goodwill under Annuity method - Average profit × Present value annuity factor
 (d) Goodwill under Weighted average - Weighted average profit × Number of years of profit
(c) Goodwill under Annuity method - Average profit × Present value annuity
35. When the average profit is 25,000 and the normal profit is 15,000, super profit is **10,000**
36. Book profit of 2017 is 35,000; non-recurring income included in the profit is 1,000 and abnormal loss charged in the year 2017 was 2,000, then the adjusted profit is **36,000**
37. The total capitalised value of a business is 1,00,000; assets are 1,50,000 and liabilities are 80,000. The value of goodwill as per the capitalisation method will be **30,000**
38. Revaluation A/c is a **Nominal A/c**
39. On revaluation, the increase in the value of assets leads to **Gain**
40. The profit or loss on revaluation of assets and liabilities is transferred to the capital account of **The old partners**
41. If the old profit sharing ratio is more than the new profit sharing ratio of a partner, the difference is called **Sacrificing ratio**
42. At the time of admission, the goodwill brought by the new partner may be credited to the capital accounts of **the sacrificing partners**
43. Which of the following statements is not true in relation to admission of a **partner** The existing agreement does not come to an end
44. Match List I with List II and select the correct answer using the codes given below:

List I	List II
(i) Sacrificing ratio	1. Investment fluctuation fund
(ii) Old profit sharing ratio	2. Accumulated profit
(iii) Revaluation Account	3. Goodwill
(iv) Capital Account	4. Unrecorded liability

Codes: (i) (ii) (iii) (iv)

(a) 1 2 3 4 (b) 3 2 4 1 (c) 4 3 2 1 (d) 3 1 4 2 **Ans : (b) 3 2 4 1**

45. Select the odd one out
 (a) Revaluation profit (b) Accumulated loss
 (c) Goodwill brought by new partner (d) Investment fluctuation fund

Ans: (c) Goodwill brought by new partner

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46. James and Kamal are sharing profits and losses in the ratio of 5:3. They admit Sunil as a partner giving him $\frac{1}{5}$ share of profits. Find out the sacrificing ratio. **5:3**
47. Balaji and Kamalesh are partners sharing profits and losses in the ratio of 2:1. They admit Yogesh into partnership. The new profit sharing ratio between Balaji, Kamalesh and Yogesh is agreed to 3:1:1. Find the sacrificing ratio between Balaji and Kamalesh. **1:2**
48. A partner retires from the partnership firm on 30th June. He is liable for all the acts of the firm up to the **Date of his retirement**
49. On retirement of a partner from a partnership firm, accumulated profits and losses are distributed to the partners in the **Old profit sharing ratio**
50. On retirement of a partner, general reserve is transferred to the **Capital account of all the partners**
51. On revaluation, the increase in liabilities leads to **Loss**
52. At the time of retirement of a partner, determination of gaining ratio is required **To adjust goodwill**
53. If the final amount due to a retiring partner is not paid immediately, it is transferred to **Retiring partner's loan A/c**
54. 'A' was a partner in a partnership firm. He died on 31st March 2019. The final amount due to him is 25,000 which is not paid immediately. It will be transferred to **A's Executor loan account**
55. A, B and C are partners sharing profits in the ratio of 2:2:1. On retirement of B, goodwill of the firm was valued as 30,000. Find the contribution of A and C to compensate B: **8,000 and 4,000**
56. A, B and C are partners sharing profits in the ratio of 4:2:3. C retires. The new profit sharing ratio between A and B will be **2:1**
57. 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 36,000. **3,000**
58. A preference share is one (i) which carries preferential right with respect to payment of dividend at fixed rate (ii) which carries preferential right with respect to repayment of capital on winding up **Both (i) and (ii) are correct**
59. That part of share capital which can be called up only on the winding up of a company is called: **Reserve capital**
60. At the time of forfeiture, share capital account is debited with **Called up amount**
61. After the forfeited shares are reissued, the balance in the forfeited shares account should be transferred to **Capital reserve account**
62. The amount received over and above the par value is credited to **Securities premium account**
63. Which of the following statement is false? **In case of under subscription, issued capital will be less than the subscribed capital**
64. When shares are issued for purchase of assets, the amount should be credited to **Share capital A/c**
65. Match the pair and identify the correct option
- | | |
|------------------------|-----------------------------------------------|
| (1) Under subscription | - (i) Amount prepaid for calls |
| (2) Over subscription | - (ii) Subscription above the offered shares |
| (3) Calls in arrear | - (iii) Subscription below the offered shares |
| (4) Calls in advance | - (iv) Amount unpaid on calls |
- (1) (2) (3) (4)
- (a) (i) (ii) (iii) (iv)
- (b) (iv) (iii) (ii) (i)
- (c) (iii) (ii) (iv) (i)**
- (d) (iii) (iv) (i) (ii)

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66. If a share of 10 on which 8 has been paid up is forfeited. Minimum reissue price is **2 per share**
67. Supreme Ltd. forfeited 100 shares of 10 each for non-payment of final call of 2 per share. All these shares were re-issued at 9 per share. What amount will be transferred to capital reserve account? **700**
68. Which of the following statements is not true?
- Notes and schedules also form part of financial statements.
 - The tools of financial statement analysis include common-size statement
 - Trend analysis refers to the study of movement of figures for one year
 - The common-size statements show the relationship of various items with some common base, expressed as percentage of the common base

Ans: c) Trend analysis refers to the study of movement of figures for one year

69. Balance sheet provides information about the financial position of a business concern **As on a particular date**
70. Which of the following tools of financial statement analysis is suitable when data relating to several years are to be analysed?
- Cash flow statement
 - Common size statement
 - Comparative statement
 - Trend analysis

Ans: d) Trend analysis

71. The financial statements do not exhibit **Non-monetary data**
72. Which of the following is not a tool of financial statement analysis? **Standard costing**
73. The term 'fund' refers to **Working capital**
74. Which of the following statements is not true?

- All the limitations of financial statements are applicable to financial statement analysis also.
- Financial statement analysis is only the means and not an end.
- Expert knowledge is not required in analysing the financial statements.
- Interpretation of the analysed data involves personal judgement.

Ans: c) Expert knowledge is not required in analysing the financial statements.

75. A limited company's sales has increased from 1,25,000 to 1,50,000. How does this appear in comparative income statement? **+ 20 %**
76. In a common-size balance sheet, if the percentage of non-current assets is 75, what would be the percentage of current assets? **25**
77. Expenses for a business for the first year were 80,000. In the second year, it was increased to 88,000. What is the trend percentage in the second year? **110 %**
78. The mathematical expression that provides a measure of the relationship between two figures is called **Ratio**
79. Current ratio indicates **Ability to meet short term obligations**
80. Current assets excluding inventory and prepaid expenses is called **Quick assets**
81. Debt equity ratio is a measure of **Long term solvency**

82. Match List I with List II and select the correct answer using the codes given below:

List I	List II
(i) Current ratio	- 1. Liquidity
(ii) Net profit ratio	- 2. Efficiency
(iii) Debt-equity ratio	- 3. Long term solvency
(iv) Inventory turnover ratio	- 4. Profitability

Codes:

- (i) (ii) (iii) (iv)
- (a) 1 4 3 2**
- (b) 3 2 4 1
- (c) 4 3 2 1
- (d) 1 2 3 4

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83. 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: **(i) and (iv)**
84. Proportion of share holder's funds to total assets is called **Proprietary ratio**
85. Which one of the following is not correctly matched? **Fixed assets turnover ratio – Percentage**
86. Current liabilities 40,000; Current assets 1,00,000 ; Inventory 20,000 . Quick ratio is **2:1**
87. Cost of revenue from operations 3,00,000; Inventory in the beginning of the year 60,000; Inventory at the close of the year 40,000. Inventory turnover ratio is **6 times**
88. Accounting report prepared according to the requirements of the user is **Special purpose report**
89. Function key F11 is used for **Company Features**
90. Which submenu displays groups, ledgers and voucher types in Tally? **Account Info**
91. What are the predefined Ledger(s) in Tally?
(i) Cash (ii) Profit & Loss A/c (iii) Capital A/c **Both (i) and (ii)**
92. Contra voucher is used for **Withdrawal of cash from bank for office use**
93. Which is not the default group in Tally?
(a) Suspense account (b) Outstanding expense
(c) Sales account (d) Investments **Ans : b) Outstanding expense**
94. Salary account comes under which of the following head? **Indirect Expenses**
95. 25,000 withdrawn from bank for office use. In which voucher type, this transaction will be recorded **Contra Voucher**
96. In which voucher type credit purchase of furniture is recorded in Tally
(a) Receipt voucher (b) Journal voucher
(c) Purchase voucher (d) Payment voucher **Ans : b) Journal voucher**
97. Which of the following options is used to view Trial Balance from Gateway of Tally?
(a) Gateway of Tally -> Reports -> Trial Balance
(b) Gateway of Tally -> Trial Balance
(c) Gateway of Tally -> Reports -> Display -> Trial Balance
(d) None of these
Ans : c) Gateway of Tally -> Reports -> Display -> Trial Balance



CHAPTER - 1. ACCOUNTS FROM INCOMPLETE RECORDS

VERY SHORT ANSWER QUESTIONS.

1. What is meant by incomplete records?

When accounting records are not strictly maintained according to double entry system, these records are called incomplete accounting records.

2. State the accounts generally maintained by small sized sole trader when double entry accounting system is not followed?

Generally, Cash account and the personal accounts of customers and creditors are maintained fully and other accounts are maintained based on necessity.

3. What is a statement of affairs?

A statement of affairs is a statement showing the balances of assets and liabilities on a particular date. This method of ascertaining profit is called as statement of affairs method or net worth method or capital comparison method.

SHORT ANSWER QUESTIONS.

1. What are features of incomplete records?

- Nature: It is an unscientific and unsystematic way of recording transactions. Accounting principles and accounting are not followed properly.
- Type of accounts maintained: In general, only cash and personal accounts are maintained fully. Real accounts and nominal accounts are not maintained properly. Some transaction are completely omitted.
- Lack of uniformity: there is no uniformity in recording the transactions among different organizations. Different organization record their transactions according to their needs and conveniences.

2. What are the limitations of incomplete records?

- Lack of proper maintenance of records: It is an unscientific and unsystematic way of maintaining records. Real and nominal accounts are not maintained properly.
- Difficulty in preparing trial balance: As accounts are not maintained for all items, the accounting records are incomplete. Hence, it is difficult to prepare trial balance to check the arithmetical accuracy of the accounts.
- Difficulty in ascertaining true profitability of the business: Profit is found out based on available information and estimates. Hence, it is difficult to ascertain profit as the trading and profit and loss account cannot be prepared with accuracy.

3. State the procedure for calculating profit or loss through statement of affairs?

Step 1: Ascertain the opening capital.

Step 2: Ascertain the closing capital.

Step 3: Add the amount of drawings to the closing capital.

Step 4: Deduct the amount of additional capital introduced, to get adjusted closing capital.

Step 5: ascertain profit or loss by subtracting opening capital from the adjusted closing capital.

- If adjusted closing capital is more than the opening capital, it denotes profit
- If adjusted closing capital is lesser than the opening capital, it denotes loss

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Dr.		Total Debtors Account		Cr.	
Particulars	₹	Particulars	₹		
To balance b/d (opening balance)	XXX	By cash received	XXX		
To credit sales (Balancing figure)	XXX	By discount allowed	XXX		
		By sales returns	XXX		
		By balance c/d (closing balance)	XXX		
	XXX		XXX		

UNIT - 2

Chapter - 2. ACCOUNTS OF NOT - FOR - PROFIT ORGANISATION**VERY SHORT ANSWER QUESTION.****1. State the meaning of not-for-profit organization?**

Some organizations are established for the purpose of rendering services to the public without any profit motive. They may be created for the promotion of art, culture, education, sports, etc. These organizations are called not-for-profit organizations.

2. What is receipts and payments account?

Receipts and payments account is a summary of cash and bank transactions of not-for-profit organizations prepared at the end of each financial year. It is a real account in nature.

3. What is legacy?

A gift made to a not-for-profit organization by a will, is called legacy. It is a capital receipt. Amount received towards life membership fee from members is a capital receipt as it is non-recurring in nature.

4. Give four examples for capital receipts of not-for-profit organization?

Life membership fee, Endowment fund, sale of fixed assets, specific donations.

5. Give four examples for revenue receipts of not-for-profit organization?

Interest on investment, interest on fixed deposit, sale of (old) sports materials, sale of (old) newspapers.

SHORT ANSWER QUESTION.**1. What is income and expenditure account?**

Income and expenditure account is a summary of income and expenditure of a not-for-profit organization prepared at the end of an accounting year. It is prepared to find out surplus or deficits pertaining to a particular year. It is a nominal account in nature in which items of revenue receipts and revenue expenditure, relating to the current year alone are recorded. It is prepared following the accrual basis of accounting. It is just like preparing profit and loss account. In this account, income is shown on the credit side and expenses are shown on the debit side. Apart from cash items, non-cash items such as income accrued but not received, loss or gain on sale of fixed assets, depreciation, etc. will also be recorded.

2. How annual subscription is dealt with in the final accounts of not-for-profit organization?**(A) Treatment in income and expenditure account**

When subscription is received for the current year, previous year and subsequent period are given separately, subscription received for the current year will be shown on the credit side of income and expenditure account after making the adjustments given below:

- I. Subscription outstanding for the current year is to be added.
- II. Subscription received in advance in the previous year which is meant for the current year, is to be added.

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When total subscription received during the current year is given, that total subscriptions received during the current year will be shown on the credit side of income and expenditure account after making the following adjustments:

- I. Subscription outstanding in the previous year which is received in the current year will be subtracted. Subscription outstanding for the current year is added.
- II. Subscriptions received in advance in the previous year which is meant for the current year, is added and subscriptions received in advance in the current year which is meant for the subsequent year must be subtracted.

(B) Treatment in balance sheet

- I. Subscription outstanding for current year and still outstanding for the previous year will be shown on the assets side of the balance sheet.
- II. Subscription received in the advance in the current year will be shown on the liabilities side of the balance sheet.

3. How the following items are dealt with in the final accounts of not-for-profit organization?

a) Sale of sports materials b) life membership fees c) Tournament fund

a) Sale of sports materials

- I. Consumable items such as sports materials, stationery, medicines, etc., consumed during the year will appear on the debit side of income and expenditure account.
- II. Consumption = Opening stock + purchases during the current year – closing stock
- III. Closing stock will appear on the assets side of the balance sheet as at the end of the year.
- IV. If there is any sale of old sports materials, etc., that will be shown on the credit side of income and expenditure account or can be subtracted from the respective items consumed on the debit side of income and expenditure account.

b) Life membership fees.

Amount received towards life membership fee from members is a capital receipt as it is non-recurring in nature.

c) Tournament fund

If there are any specific funds such as tournament fund, price fund, etc., these funds should be shown on the liability side of the balance sheet separately.

UNIT - 3

ACCOUNTS OF PARTNERSHIP FIRMS FUNDAMENTALS

VERY SHORT ANSWER QUESTIONS

1. Define partnership?

According to section 4 of the Indian partnership Act, 1932, partnership is defined as, “the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all”.

2. What is a partnership deed?

Partnership deed is a document in writing that contains the terms of the agreement among the partners.

3. What is meant by fixed capital method?

Under fixed capital method, the capital of the partners is not altered and it remains generally fixed. Two accounts are maintained for each partner namely (a) capital account and (b) current account. The transactions relating to initial capital introduced, additional capital introduced and capital permanently withdrawn are entered in the capital permanently withdrawn are entered in the capital account and all other transactions are recorded in the current account.

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4. **What is the journal entry to be passed for providing interest on capital to a partner?**
Following are journal entries to be made in the books of the partnership Firm

a. **For Providing interest on capital.**

Date	Particulars	L.F	Debit ₹	Credit ₹
	Interest on Capital A/c Dr. To partner's capital/current A/c		XXX	XXX

b. **For closing interest on capital:**

Date	Particulars	L.F	Debit ₹	Credit ₹
	Profit and loss appropriation A/c Dr. To Interest on Capital A/c		XXX	XXX

5. **Why is profit and loss appropriation account prepared?**

The profit and loss appreciation account is an extension of profit and loss account prepared for the purpose of adjusting the transactions relating to amounts due to and amounts due from partners. It is nominal account in nature.

SHORT ANSWER QUESTIONS.1. **State the features of partnership?**

Following are the essential features of partnership:

- I. Partnership is an association of two or more persons. The maximum number of partners is limited to 50.
- II. There should be an agreement among the persons to share the profit or loss of the business. The agreement may be oral or written or implied.
- III. The agreement must be to carry on a business and to share the profits of the business.
- IV. The business may be carried on by all the partners or any of them acting for all.

2. **State any six contents of partnership deed?**

Generally, partnership deed contains the following:

- I. Name of the firm and nature and place of the business
- II. Date of commencement and duration of business
- III. Names and addresses of all partners
- IV. Capital contributed by each partner
- V. Profit sharing ratio
- VI. Amount of drawing allowed to each partner
- VII. Rate of interest to be allowed on capital
- VIII. Rate of interest on drawings of partners
- IX. Rate of interest on loans provided by partners

3. **Write a brief note on the applications of the provisions of the Indian partnership Act, 1932 in the absence of partnership deed?**

If there is no partnership deed or when there is no express statement in the partnership deed, then the following provisions of the Act will apply:

- I. Remuneration to partners, No salary and remuneration is allowed to any partner. [Section 13(a)]
- II. Profit sharing ratio, Profits and losses are to be shared by the partners equally. [Section 13(b)]
- III. Interest on capital, No interest is allowed on the capital. Where a partner is entitled to interest on capital contributed as per partnership deed, such interest on capital will be payable only out of profits. [Section 13 (c)]
- IV. Interest on loans advanced by partners to the firm, Interest on loan is to be allowed at the rate of 6 per cent per annum. [Section 13 (c)]
- V. Interest on drawings, No interest is charged on the drawings of the partners.

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4. Jayaraman is a partner who withdrew rupees ten thousand regularly in the middle of every month. Interest is charged on the drawings at 6% per annum. Calculate interest on drawings for the year ended 31st December, 2018.

Solution;

If drawing are made in the middle of every month

Average period = 6

$$\begin{aligned} \text{Interest on drawing} &= \text{Total amount of drawings} \times \text{Rate of interest} \times \text{Average period} / 12 \\ &= 1000 \times 6/100 \times 6/12 \\ &= 30 \end{aligned}$$

UNIT - 4

CHAPTER - 4. GOODWILL IN PARTNERSHIP ACCOUNTS

VERY SHORT ANSWER QUESTIONS.

1. **What is goodwill?**

Goodwill is the good name or reputation of the business which brings benefits to the business. It enables the business to earn profit.

2. **What is acquired goodwill?**

Goodwill acquired by making payment in cash or kind is called acquired or purchased goodwill.

3. **What is super profit?**

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 the business.

$$\text{Super profit} = \text{Average} - \text{Normal profit}$$

4. **What is normal rate of return?**

Normal rate of return refers to the rate at which profit is earned by similar business entities in the industry under normal circumstances.

5. **State any two circumstances under which goodwill of a partnership firm is valued?**

- ❖ When there is a change in the profit sharing ratio
- ❖ When a new partner is admitted into a firm

SHORT ANSWER QUESTIONS.

1. **State any six factors determining goodwill?**

- ❖ **Profitability of the firm,**

The profit earning capacity of the firm determines the value of its goodwill. A firm earning higher profits and having potential to generate higher profits in future will have higher value of goodwill.

- ❖ **Favourable location of the business enterprise,**

If the firm is located in a prominent place which is easily accessible to the customers, it can attract more customers. Its sales and profit will be higher when compared to a firm which is not located in a prominent place. Hence, it will have high value of goodwill.

- ❖ **Good quality of goods or services offered,**

If a firm enjoys good reputation among the customers and general public for the good quality of its products or service, the value of goodwill for the firm will be high.

- ❖ **Tenure of the business enterprises,**

A firm which is carried on business for several years will have higher reputation among its customer as it is better known to the customers. Such a firm will have higher earnings and higher value of goodwill when compared to a new firm.

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❖ **Efficiency of management.**

A firm having efficient management will earn more profits and the value of its goodwill will be higher compared to a firm with less efficient managerial personnel.

❖ **Degree of competition,**

In the case of business enterprises having no competition or negligible competition, the value of other goodwill will be high.

❖ **Other factors,**

There are other factors which add to the value of goodwill of a business such as popularity of the proprietor, impressive advertisements and publicity, good relations with customers, etc.

2. How is goodwill calculated under the super profit method?

Under these methods, super profit is 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

Average profit is calculated by dividing the total of adjusted actual profit of certain number of years by the total number of such years. Normal profit is the profit earned by the similar business firms under normal conditions.

Normal profit = Capital employed x normal rate of return

Capital employed = Fixed assets + Current assets – Current liabilities

Normal rate of return = It is the rate at which profit is earned by similar business entities in the under the industry under normal circumstances.

3. How is the value of goodwill calculated under the capitalization method?

Under this method, goodwill is the excess of capitalized value of average profit of the business over the actual capital employed in the business.

Goodwill = total capitalized value of the business – actual capital employed

The total capitalized value of business is calculated by capitalizing the average profits on the basis of the normal rate of return.

$$\text{Capitalized value of the business} = \frac{\text{Average profit}}{\text{Normal rate of return}} \times 100$$

Actual capital employed = fixed assets (excluding goodwill) + Current assets – current liabilities

4. Compute average profit from the following information.

2016: 8000; 2017: 10000; 2018: 9000

Solution,

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

$$\text{Average profit} = \frac{8000 + 10000 + 9000}{3}$$

Average profit = 9000

5. Calculate the value of goodwill at 2 years purchase of average profit when average profit is rupees fifteen thousand.

Solution.

Goodwill = average profit x number of years of purchase
 = 15000 x 2
 = 30000

Goodwill = rupees thirty thousand

ADMISSION OF A PARTNER

VERY SHORT ANSWER QUESTIONS

1. What is meant by revaluation of assets and liabilities?

When a partner is admitted into the partnership, the assets and liabilities are revalued as the current value may differ from the book value. Determination of current values of assets and liabilities is called revaluation of assets and liabilities.

2. How are accumulated profits and losses distributed among the partners at the time of admission of a new partner?

Profits and losses of previous year which are not distributed to the partners are called accumulated profit or losses. Any reserve and accumulated profits or losses belong to the old partners and hence these should be distributed to the old partners in the old profits sharing ratio.

3. What is sacrificing ratio?

Sacrificing ratio is the proportion of the profit which is sacrificed and 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.

4. Give the journal entry for writing off existing goodwill at the time of admission of a new partner.

Date	Particulars	L.F	Debit ₹	Credit ₹
	Old Partner's capital/current A/c Dr. To Goodwill A/c (Existing goodwill written off)		XXX	XXX

5. State whether the following will be debited or credited in the revaluation account.

A. Depreciation on assets

C. provisions for outstanding expenses

B. Unrecorded liability

D. Appreciation of assets

a. Debit account

b. Debit account

c. Debit account

d. Credit account

SHORT ANSWER QUESTIONS

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

The following adjustments are necessary at the time of admission of a partner:

❖ Distribution of accumulated profits, reserves and losses

❖ Revaluation of assets and liabilities

❖ Determination of new profit-sharing ratio and sacrificing ratio

❖ Adjustments for goodwill

❖ Adjustment of capital on the basis of new profit-sharing ratio (if so agreed)

2. What are the journal entries to be passed on the revaluation of assets and liabilities?

1. For increase in the value of asset

Date	Particulars	L.F	Debit ₹	Credit ₹
	Concerned asset A/c Dr. To Revaluation A/c		xxx	xxx

2. For decrease in the value

Date	Particulars	L.F	Debit ₹	Credit ₹
	Revaluation A/c Dr. To Concerned asset A/c		xxx	xxx

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3. Write a short note on accounting treatment of goodwill.

- ❖ When new partner bringing cash towards goodwill
When the new partner brings cash towards goodwill in addition to the amount of capital, it is distributed to the existing partners in the sacrificing ratio.
- ❖ If the new partner does not bring goodwill in cash or in kind
If the new partner does not bring goodwill in cash or in kind, his share of goodwill must be adjusted through the capital accounts of the partners.
- ❖ When the new partner brings only a part of the goodwill in cash or in kind
Sometimes the new partner may bring only a part of goodwill in cash or assets. In such a case, for the cash or the assets bought, respective account is debited and for the amount not brought in cash or kind, the new partner's capital account is debited.
- ❖ Existing goodwill
If goodwill already appears in the books of accounts, at the time of admission if the partners decide, it can be written off by transferring it to the existing partners' capital account / current account in the old profitsharing ratio.

UNIT-6

RETIREMENT AND DEATH OF A PARTNER

VERY SHORT ANSWER QUESTIONS,

1. What is meant by retirement of a partner?

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

2. What is gaining ratio?

The continuing partners may gain a portion of the shares of profit of the retiring partner. The gain may be shared by all the partners. Gaining ratio is the proportion of the profit which is gained by continuing partners.

3. What is the purpose of calculating gaining ratio?

The purpose of finding the gaining ratio is to bear the goodwill to be paid to the retiring partner. The share gained is calculated as follows;

Share gained = new share – old share

Gaining ratio = ratio of share gained by the continuing partners

4. What is the journal entry to be passed to transfer the amount due to the deceased partner to the executor of the deceased partner?

- (i) To transfer the amount of due to the deceased partner to the executor or legal representative of the deceased partner.

Date	Particulars	L.F	Debit ₹	Credit ₹
	Deceased partner's capital A/c Dr. To Deceased partners's executor A/c		xxx	xxx

SHORT ANSWER QUESTIONS

1. List out the adjustment made at the time of retirement of a partner in a partnership firm?

The following adjustments are necessary at the time of retirement of a partner;

- ❖ Distribution of accumulated profits, reserves and losses
- ❖ Revaluation of assets and liabilities

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- ❖ Determination of new profit- sharing ratio and gaining ratio
- ❖ Adjustment for goodwill
- ❖ Settlement of the amount to the retiring partner

2. What are the ways in which the final account due to an outgoing partner can be settled?

The amount due to the retiring partner may be settled in one of the following ways:

- ❖ Paying the entire amount due immediately in cash
- ❖ Transfer the entire amount due, to the loan account of the partner
- ❖ Paying part of the amount immediately in cash and transferring the balance to the loan account of the partner

3. The journal entries are made are as follows:

(a) When the amount due is paid in cash immediately

Date	Particulars	L.F	Debit ₹	Credit ₹
	Retiring partner's capital A/c Dr. To cash/bank A/c		xxx	xxx

(b) when the amount not paid immediately.

Date	Particulars	L.F	Debit ₹	Credit ₹
	Retiring partners capital A/c Dr. To Retiring partners loan A/c		xxx	xxx

(c) when the amount is partly paid with cash.

Date	Particulars	L.F	Debit ₹	Credit ₹
	Retiring partners capital A/c Dr. To cash/Bank A/c (amount paid) To Retiring partner's loan A/c		xxx	xxx xxx

UNIT - 7

COMPANY ACCOUNTS

VERY SHORT ANSWER QUESTIONS

1. What is a share?

The capital of a company is divided into small units of fixed amount. These units are called shares.

2. What is over-subscription?

When the number of shares applied for is more than the number of shares offered for subscription, it is said to be over subscription.

3. What is meant by calls of arrear?

When a shareholder fails to pay the amount due on allotment or on calls, the amount remaining unpaid is known as calls in arrears

4. Write a short note on securities premium account?

When a company issues shares at a price more than the face value (nominal value), the shares are said to be issued at premium. The excess is called premium amount and is transferred to securities premium account. Securities premium account is shown under reserve and surplus as a separate head in the note to accounts to the balance sheet.

5. Why are the shares are forfeited?

When a share holder defaults in making payment of allotment and/ or call money, shares may be forfeited. On forfeited, the shares allotment is cancelled and to that extent, share capital is reduced. The person ceases to be a shareholder of the company after the shares are forfeited.

SHORT ANSWER QUESTIONS**1. State the difference between preference shares and equity shares?**

Basis	Equity shares	Preference shares
1. Meaning	Equity shares are the ordinary shares of the company representing the part of ownership of the shareholder in the company	Preference shares are the shares that carry preferential rights on the matters of payment of dividend and repayment of capital
2. Payment of Dividend	Dividend is paid after the payments of all liabilities	Priority in payments of dividend over equity shareholders
3. Rate of dividend	Fluctuating	Fixed

2. Write a brief note on calls in advance?

The excess amount paid over the called value of a share is known as calls in advance. It is the excess money paid on application or allotment or calls. Such excess amount can be returned or adjusted towards future payment. If the company decides to adjust such amount towards future payment, the excess amount may also be transferred to a separate account called calls in advance account.

Calls in account does not form part of company's share capital and no dividend is payable on such amount. In the balance sheet, it should be shown under current liabilities.

3. What is reissue of forfeited shares?

Shares forfeited can be reissued by the company. The shares can be reissued at any price, but, the reissue price cannot be less than the amount unpaid on forfeited shares

Example: If a share of rupees 10 on which rupees 4 has been paid already as application money is forfeited and reissued as fully paid up, then a minimum of rupees six must be fixed as the new price ($10 - 4 = 6$). When forfeited shares are reissued at a loss, such is to be debited to forfeited shares account. When forfeited shares are reissued at a premium, the amount of such premium will be credited to securities premium account.

4. Write a short note on (a) authorized capital (b) reserve capital**(a) Authorized capital,**

It means such capital as is authorized by the memorandum of association. It is the maximum amount which can be raised as capital. It is also known as registered capital or nominal capital.

(b) Reserve capital,

The company can reserve a part of its subscribed capital to be called up only at the time of winding up. It is called reserve capital.

5. What is meant by issue of shares for consideration other than cash?

(i) For purchase of asset

Date	Particulars	L.F	Debit ₹	Credit ₹
	Respective asset A/c Dr. To vendor A/c		xxx	xxx

(ii) For the issue of shares

Date	Particulars	L.F	Debit ₹	Credit ₹
	Vendor A/c Dr. To Equity share capital A/c To Securities premium A/c (if issued at premium)		xxx	xxx xxx

FINANCIAL STATEMENT ANALYSIS

VERY SHORT ANSWER QUESTION

1. What are financial statements?

Financial statement are the statement prepared by the business concerns at the end of the accounting period to ascertain the opening result and the financial position. The basic financial statements prepared by the business concerns are income statement and balance sheet.

2. List the tools of financial statement analysis?

Following are the commonly used tools of financial statement analysis:

- ❖ Comparative statement
- ❖ Common size statement
- ❖ Trend analysis
- ❖ Funds flow analysis
- ❖ Cash flow analysis

3. What is working capital?

The term 'fund' refers to the working capital. Working capital refers to the excess of current assets over current liabilities.

4. When is trend analysis preferred to other tools?

Trend analysis refers to the study of movement of figures over a period. The trend may be increasing trend or irregular. When data for more than two years are to be analysed, it may difficult to use comparative statement.

SHORT ANSWER QUESTIONS

1. 'Financial statements are prepared based on the past data'. Explain how this is a limitation.

❖ Lack of qualitative information:

Qualitative information that is non-monetary information is also important for business decisions. For example, efficiency of the employees, efficiency of the management, etc. but, this is ignored in financial statements.

❖ Record of historical data:

Financial statements are prepared based on historical data. They may not reflect the current position.

2. Write a short note on cash flow analysis?

Cash flow analysis concerned with preparation of cash flow statement which shows the inflow and outflow of cash and cash equivalent in a given period of time. Cash includes cash in hand and demand deposits with banks. Cash equivalents denote short term investments which can be realized easily within a short period of time, without much loss in value. Cash flow analysis helps in assessing the liquidity and solvency of a business concern.

3. Briefly explain any three limitations of financial statements?

❖ **Lack of qualitative information:**

Qualitative information that is non-monetary information is also important for business decisions. For example, efficiency of the employees, efficiency of the management, etc. but this is ignored in financial statements.

❖ **Record of historical data:**

Financial statements are prepared based on historical data. They may not reflect the current position.

❖ **Ignore price level changes:**

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Adjustments for price level changes are not made in the financial statements. Hence, financial statement may not reveal the current position.

4. Explain the steps involved in preparing comparative statement?

A comparative statement has five columns. Following are the steps to be followed in preparation of the comparative statement:

- Column 1 : In this column, particulars of items of income statement or balance sheet are written.
- Column 2 : Enter absolute amount of year 1.
- Column 3 : Enter absolute amount of year 2
- Column 4 : Show the difference in amounts between year 1 and year 2. If there is an increase in year 2, put plus sign and if there is decrease put minus sign.
- Column 5 : Show percentage increase or decrease of the difference amount shown in column 4 by dividing the amount shown in column 4 (absolute amount of increase or decrease) by column 2 (year 1 amount). That is,

$$\text{Percentage increase or decrease} = \frac{\text{absolute amount of increase or decrease}}{\text{Year 1 amount}} \times 100$$

Format of comparative statement

Particulars	Year1	Year2	Absolute amount of increase (+) or decrease(-)	Percentage increase (+) or decrease(-)
	₹	₹	₹	₹
(1)	(2)	(3)	(4)	(4)

UNIT-9

RATIO ANALYSIS

VERY SHORT ANSWER QUESTIONS

1. What is meant by accounting ratios?

An accounting ratio is a mathematical expression of the relationship between two items or group of items shown in the financial statements.

2. What is quick ratio?

Quick ratio gives the proportion of quick assets to current liabilities. It indicates whether the business concern is in a position to pay its current liabilities as and when they become due, out of its quick assets. It is otherwise called liquid ratio or acid test ratio. It is calculated as follows:

$$\text{Quick ratio} = \frac{\text{Quick assets}}{\text{Current liabilities}}$$

3. What is meant by debt equity ratio?

Debt equity ratio is calculated to assess the long term solvency position of a business concern. Debt equity ratio expresses the relationship between longterm debt and shareholder's funds. It is computed as follows:

$$\text{Debt equity ratio} = \frac{\text{Long term debt}}{\text{Shareholders' funds}}$$

4. What does return on investment ratio indicate?

Return on investment shows the proportion of the net profit before interest and tax to capital employed (shareholders' fund and long term debts). This ratio measures how efficiently the

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capital employed is used in the business. It is an overall measure of profitability of a business concern. It is computed as below:

$$\text{Return on investment (ROI)} = \frac{\text{Net profit before interest and tax}}{\text{Capital employed}} \times 100$$

5. State any two limitations of ratio analysis

- ❖ Ratios are only means:
Ratios are not end in themselves, but they are only means to achieve a particular purpose. Analysis of related items must be done by the management or experts with the help of ratios.
- ❖ Change in price level:
Ratio analysis may not reflect price level changes and current values as they are calculated based on historical data given in financial data given in financial statements.

SHORT ANSWER QUESTIONS,

1. Explain the objectives of ratio analysis?

- ❖ To simplify accounting figures
- ❖ To facilitate analysis of financial statements
- ❖ To analyse the operational efficiency of a business
- ❖ To help in budgeting and forecasting
- ❖ To facilitate intra firm and inter firm comparison of performance

2. What is inventory conversion period? How is it calculated?

Inventory conversion period is the time taken to sell the inventory. A shorter inventory conversion period indicates more efficiency in the management of inventory. It is computed as follows:

$$\text{Inventory conversion period (in days)} = \frac{\text{Number of days in a year}}{\text{Inventory turnover ratio}}$$

$$\text{Inventory conversion period (in months)} = \frac{\text{Number of months in a year}}{\text{Inventory turnover ratio}}$$

3. How is operating profit ascertained?

Operating profit ratio gives the proportion of opening profit to revenue from operations. Operating profit ratio is an indicator of operational efficiency of an organization. It may be computed as follows:

$$\text{Operating profit ratio} = \frac{\text{Operating profit}}{\text{Revenue from operations}} \times 100$$

Alternatively, it is calculated as under.

$$\text{Operating profit ratio} = 100 - \text{operating cost ratio}$$

$$\text{Operating profit} = \text{Revenue from operations} - \text{operating cost}$$

A higher ratio indicates better profitability. Greater the operating ratio, higher is the margin available for paying non-operating expenses.

4. State any three advantages of ratio analysis?

- ❖ analyzing the profitability:
Ratio analysis helps to analyze the profitability of a business in terms of sales and investments.
- ❖ Intra firm comparison:
Comparison of efficiency of different divisions of an organization is possible by comparing the relevant ratios.
- ❖ Inter firm comparison:
Ratio analysis helps the firm to compare its performance with other Firms.

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5. Bring out the limitation of ratio analysis?

- ❖ Ratios are only means:
Ratios are not end in themselves but they are only means to achieve a particular purpose. Analysis of related items must be done by the management or experts with the help of ratios.
- ❖ Accuracy of financial information:
The accuracy of a ratio depends on the accuracy of information taken from financial statements. If the statements are inaccurate, ratios computed based on that will also be inaccurate.
- ❖ Change in price level:
Ratio analysis may not reflect price level changes and current values as they are calculated based on historical data given in financial statements

UNIT-10

COMPUTERISED ACCOUNTING SYSTEM- TALLY

VERY SHORT ANSWER QUESTIONS**1. What is automated accounting system ?**

Automated accounting system is an approach to maintain-up-to-date accounting records with the aid of accounting software.

2. What are accounting reports?

Accounting reports is a compilation of accounting information that are derived from the accounting records of a business concern. Accounting reports may be classified as routine reports and special purpose reports.

3. State any five accounting reports?

Routine accounting reports include

- ❖ Day books / journal
- ❖ Ledger
- ❖ Trial balance
- ❖ Income statement
- ❖ Balance sheet
- ❖ Cash flow statement

4. What is accounting information system (AIS)?

Accounting information system (AIS) collects financial data, processes them and provides information to the various users. To provide information AIS requires data from other information system that is manufacturing, marketing and human resources.

5. What is a group in Tally. ERP 9?

In 2009, tally solutions introduced the software Tally. ERP 9. The software offers comprehensive business management solution. It maintains all books of accounts. Different types of voucher such as vouchers for receipt, payment, sales, purchases, etc., can be used for recording transactions.

SHORT ANSWER QUESTIONS**1. Write a brief note on accounting vouchers?**

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 future subdivided into two, cash and non-cash vouchers.

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Example of cash type,

- 1) Credit vouchers
- 2) Debit vouchers

Example of non-cash type,

- 1) Debit note
- 2) Credit note
- 3) Invoice

2. What are pre-defined ledgers available in Tally. ERP 9?

In tally, to record transactions, transactions are to be identified with the related ledger accounts. In Tally. ERP 9. There are two types of pre-defined ledgers.

1) Cash : under the group cash-in-hand this ledger is created, you can enter the opening balance as on the books beginning from.

2) Profit and loss account : this ledger is created under the group primary. In this ledger previous year's profit or loss is entered as the opening balance of this ledger.

To create ledger:

Gateway of tally masters > Accounts info > ledgers > Single ledger > create

3. Mention the commonly used voucher types in Tally. ERP 9.

Following are some of the vouchers used in an organization:

- ❖ Receipt voucher
- ❖ Payment voucher
- ❖ Contra voucher
- ❖ Purchase voucher
- ❖ Sales voucher
- ❖ Journal voucher

4. Explain any five applications of computerized accounting system?

❖ Maintaining accounting records:

In CAS, accounting records can be maintained easily and efficiently for long time period. It does not require a large amount of physical space. It facilitates fast and accurate retrieval of data and information.

❖ Inventory management:

CAS facilitates efficient management of inventory. Fast moving, slow moving and obsolete inventory can be identified. Updated information about availability of inventory, level of inventory, level of inventory, etc., can be obtained instantly.

❖ Report generation:

CAS helps to generate various routine and special purpose reports.

❖ Data import / export:

Accounting data information can be imported from or exported to other user within the organization as well as outside the organization.

❖ Taxation:

CAS helps to compute various taxes and to deduct these and deposit the same to the government account.

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5. Explain how to view profit and loss statement in tally. ERP 9.

Particulars	Bright For 1-Apr-2018	Particulars	Bright For 1-Apr-2018
Opening Stock	20,000.00	Sales Accounts	31,000.00
Stock	20,000.00	Sales A/c	31,000.00
Direct Expenses	2,000.00	Closing Stock	15,000.00
Wages A/c	2,000.00	Stock	15,000.00
Indirect Expenses	33,000.00	Net Loss	8,000.00
Depreciation	10,000.00		
Purchases A/c	18,000.00		
Rent A/c	5,000.00		
Total	55,000.00	Total	55,000.00

DO YOU KNOW

1. Drawings made during the year ` 20,000 can also be found out by preparing the capital account.

Dr.				Cr.			
Capital Account							
Date	Particulars	J.F	₹	Date	Particulars	J.F	₹
2018 Mar. 31	To drawings A/c (balancing figure)		20,000	2017 Apr. 1	By Balance b/d		2,50,000
31	To Balance c/d		2,75,000	2018 Mar.31	By cash A/c		15,000
			2,95,000		By profit		15,000
							2,95,000

- A trial balance can also be prepared for a not-for-profit organisation by taking various ledger balances available. The total of debit balances will be equal to the total of credit balances. Expenses, losses and assets will have debit balances. Revenues, gains and liabilities will have credit balances.
- The maximum number of partners is not specified/ prescribed in the Indian Partnership Act, 1932. But, the Indian Companies Act, 2013 specifies the maximum number of partners. As per Section 464(1) of the Indian Companies Act, 2013, no association or partnership consisting of more than such number of persons as may be prescribed shall be formed for the purpose of carrying on any business, provided that the number of persons which may be prescribed under this sub-section shall not exceed one hundred. Rule 10 of Companies (Miscellaneous) Rules 2014 specifies the limit as 50. Thus, the maximum number of partners in a partnership firm is 50.

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4. Product method is based on the principle that interest on the amount for a number of days/ months is the same as interest for one day/month on the sum of the products of amount withdrawn and the period of interest.
5. **Limited Liability Partnership (LLP)**
Limited Liability Partnership (LLP) is a type of partnership in which the liability of the partners is limited to the extent of their capital contribution.
6. It is a legal entity separate from that of its partners. It is formed as per the provisions of The Limited Liability Partnership Act, 2008. It has perpetual succession. Any change in the partners of LLP shall not affect the existence, rights or liabilities of LLP. Provisions of the Partnership Act, 1932 will not apply to a Limited Liability Partnership. An individual or a body corporate can become a partner. Partners are not personally liable for the obligations of the partnership unless the obligations arise due to their own wrongful acts or omissions.
7. Annuity refers to series of uniform cash flows at regular intervals. The table value gives the present value of annuity of rupee one received at the end of every year for a specified number of years.

The following formula is used to compute annuity factor:

$$\text{Annuity factor} = \frac{(1 + i)^n - 1}{i(1 + i)^n}$$

where, i = interest rate

n = estimated number of years

8. Goodwill based on capitalisation of average profit method and capitalisation of super profit method will give the same amount of goodwill.
9. **Investment fluctuation fund**
Investment fluctuation fund is created out of profit to adjust the reduction in the market value of the investments. If the market value of the investments is greater than or equal to the book value, then, the entire investment fluctuation fund is transferred to the old partners' capital account in old profit sharing ratio. If the market value of the investments is less than the book value, then the difference is to be subtracted from the investment fluctuation fund and the balance of investment fluctuation fund is to be transferred to the old partners' capital account in old profit sharing ratio.
10. Sometimes an existing partner may also gain in share of profit on admission of a partner when the new share is greater than the old share. In this case, the gaining partner has to compensate the sacrificing partners to the extent of his share in the total goodwill of the firm. When goodwill is paid by the new partner to the old partners privately, no entry is made in the books of the partnership firm.
11. Journal vouchers are used for recording transactions such as depreciation, provision for bad debts, rectification entries, etc.
12. Steps Involved In Designing Accounting Reports
 - Define the objective of generating report
 - Specify the structure of the report
 - Creating database queries to interact with the database to retrieve, modify, add or delete data from the records.
13. Practical application of accounting software –Tally ERP 9
 - ❖ STARTING TALLY

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- ❖ CREATION OF COMPANY
 - ❖ GATE WAY OF TALLY
 - ❖ CLOSING TALLY
 - ❖ SELECT A COMPANY
 - ❖ COMPANY FEATURES
 - ❖ ACCOUNTING FEATURES
 - ❖ STATUTORY AND TAXATION FEATURES
 - ❖ CREATING ACCOUNTING GROUPS
 - ❖ LEDGER ACCOUNTS
 - ❖ MODIFICATION OF GROUP OF LEDGER
 - ❖ VOUCHERS
14. Fixed assets turnover ratio can also be calculated by substituting cost of revenue from operations instead of revenue from operations.
15. i) Debit balance in the statement of profit and loss is shown as a negative figure under the head Reserves and surplus.
 ii) Shareholders' funds can also be computed as follows:
 Shareholders' funds = Total assets – Non current liabilities – Current liabilities
16. In general, lower the debt equity ratio, lower is the risk to the long-term lenders. A high ratio indicates high risk as it may be difficult for the business concern to meet the obligation to outsiders. In general, a debt equity ratio of 1:1 may be considered satisfactory. However, it is subject to change from business to business and industry to industry.
17. Normally, 2:1 is considered as ideal current ratio; 1:1 is considered as ideal quick ratio. However, it is subject to change from business to business and industry to industry.
18. Inventory is not considered as liquid asset because it takes some time to sell the inventory and to convert into cash. Similarly, prepaid expenses are not considered as liquid assets because these are expenses paid in advance. These cannot be converted into cash and only the benefit can be derived and are thus excluded from liquid assets.
19. Operating cycle is the time between the acquisition of an asset for processing and its realisation into cash and cash equivalents.
20. Accounting ratios can be expressed in any of the following forms:
 (i) Pure: It is expressed as a quotient. Example: 2 or 2:1.
 (ii) Percentage: It is expressed in percentage. Example: 25%.
 (iii) Times: It is expressed as certain number of times of a particular figure. Example: 4 times.
21. To compute trend percentages:
 (i) Take the earliest year as the base year.
 (ii) Take the figures for the base year as 100.
 (iii) Express the figures for the other years as a percentage to the base year and determine the trend.
22. **Horizontal analysis**
 When figures relating to several years are considered for the purpose of analysis, the analysis is called horizontal analysis. Generally, one year is taken as the base year and the figures relating to the other years are compared with that of the base year. Comparative statements and trend percentages are examples of horizontal analysis.

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23. Vertical analysis

When figures relating to one accounting year alone are considered for the purpose of analysis, the analysis is called vertical analysis. Here, relationship is established among items from various financial statements relating to the same accounting period. Preparation of common size statements and computation of ratios are examples of vertical analysis.

24. As per Schedule III of the Companies Act, 2013, depending upon the turnover of the company, the figures appearing in the financial statements may be rounded off as given below:

TURNOVER	ROUNDING OFF
less than one hundred crore rupees	To the nearest hundreds, thousands, lakhs or millions, or decimals thereof.
one hundred crore rupees or more	To the nearest lakhs, millions or crores, or decimals thereof.

Once a unit of measurement is used, it shall be used uniformly in the financial statements.

25. Calls are to be made as provided in the Articles of Association of a company. In the absence of the required provisions in the Articles, Table F, Schedule I of the Indian Companies Act, 2013 will be applicable which has the following provisions:

Period of one month must elapse between two calls.

The amount of one call should not be more than 25% of the face value of the share.

26. As per Section 39 of the Indian Companies Act, 2013, application money must be at least 5 per cent of the nominal value of shares or such other percentage or amount as may be specified by the Securities Exchange Board by making regulations. As per SEBI guidelines, the minimum application money shall not be less than 25 per cent of the issue price.
27. Life policies may be taken on the life of the partners in a partnership firm. The life policy may be individual policy or joint life policy. In case of individual policy, if a partner dies, his policy alone matures and the policy amount is received from the insurance company. In case of joint life policy, one policy is taken on the lives of all partners. When any one of the partners dies, the policy matures and the policy amount is received. In both types of policies, the insurance premium is paid by the partnership firm. The policy amount received from the insurance company is used to settle the amount due to the deceased partner.
28. If the amount due to the retiring/deceased partner is not paid in cash immediately and if there is no contract entered into concerning settlement of account, then provisions of Section 37 of the Indian Partnership Act, 1932 will apply. As per section 37, the retiring partner or the representatives of the retiring or deceased partner is entitled to choose any of the following options:
- Share of profits attributable to the use of his share of property of the firm or
 - Interest at the rate of 6 per cent per annum on the amount of his share on the property of the firm.
29. Profit and loss suspense account is a temporary account opened to transfer the share of retiring or deceased partner's share in current year's profit or loss upto the date of retirement or death.

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(Format)**CHAPTER - 1****Statement of profit and loss for the year ended.....**

Particulars	₹
Capital at the end of the year	XXX
Add: Drawings during the year	XXX
	XXX
Less: Additional capital introduced during the year	XXX
Adjusted closing capital	XXX
Less: opening capital	XXX
Profit for the year	XXX

Format for statement of affairs

In the books of-----

Statement of affairs as on-----

Particulars	₹	Particulars	₹
Sundry debtors	xxx	Cash in hand	xxx
Bills payable	xxx	Cash at bank	xxx
Outstanding expenses	xxx	Sundry debtors	xxx
Bank overdraft	xxx	Bills receivable	xxx
Capital (Balancing figure)	xxx	Stock-in-trade	xxx
		Prepaid expenses	xxx
		Fixed asset	xxx
	xxx		xxx

Format of total debtors account

Dr.

Total debtors account

Cr.

Particulars	₹	Particulars	₹
To Balance b/d (opening balance)	xxx	By cash A/c (received)	xxx
To sales A/c (credit sales)	xxx	By Bank A/c (cheques received)	xxx
To Bank A/c (cheque dishonoured)	xxx	By Discount allowed A/c	xxx
To Bills receivable A/c		By Sales returns A/c	xxx
(Bills dishonoured)	xxx	By Bad debts A/c	xxx
		By Bills receivable A/c	xxx
		(Bills received)	
		By Balance c/d	xxx
		(closing balance)	
	xxx		xxx

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Format of bills receivable account

Dr.		Bills receivable account		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d (opening balance)	xxx	By cash/Bank A/c (Bills receivable honoured)	xxx		
To Sundry debtors A/c (bills receivable received during the year)	xxx	By Sundry Debtors A/c (Bills receivable dishonoured)	xxx		
		By Balance c/d	xxx		
	xxx		xxx		

Format for Total creditors account

Dr.		Total creditors account		Cr.	
Particulars	₹	Particulars	₹		
To Cash A/c (paid)	xxx	By Balance b/d (opening balance)	xxx		
To Bank A/c (cheques paid)	xxx	By purchase A/c (credit purchase)	xxx		
To Bills payable A/c (bills accepted)	xxx	By Bank A/c (Cheques dishonoured)	xxx		
To Discount received A/c	xxx	By Bills payable A/c (dishonoured)	xxx		
To Purchase returns A/c	xxx				
To Balance c/d (closing balance)	xxx				
	xxx		xxx		

Format of bills payable account

Dr.		Bills payable account		Cr.	
Particulars	₹	Particulars	₹		
To cash/Bank A/c (bills payable paid)	xxx	By Balance b/d (opening balance)	xxx		
To sundry creditors A/c (bills payable dishonoured)	xxx	By Sundry creditors A/c (bills accepted)	xxx		
To Balance c/d (closing balance)	xxx				
	xxx		xxx		



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CHAPTER - 2**Format of Receipt and Payments Account****Dr. Receipt and Payments Account ofFor the year ending Cr.**

Receipt	₹	₹	Payments	₹	₹
To Balance b/d			By Balance b/d		
Cash in hand	xxx		Bank overdraft		xxx
Cash at bank	xxx	xxx	Revenue Payments:		
Revenue receipts			By salaries		xxx
To subscription		xxx	By Rent paid		xxx
To entrance fees		xxx	By Electricity charges		xxx
To General donations		xxx	By postage		xxx
To Grant-in-aids		xxx	By Rent and taxes		xxx
To Sale of old newspapers		xxx	By Insurance		xxx
To interest on investments		xxx	By Advertisement		xxx
To Dividends		xxx	By Telephone charges		xxx
To Locker rent received		xxx	By Entertainment expenses		xxx
To rent received		xxx	By Audit fees		xxx
To sundry receipts		xxx	By Repairs		xxx
Capital receipts:			By upkeep of ground		xxx
To Life membership fees		xxx	By conveyance charges		xxx
To Donation for specific purpose		xxx	By Newspapers and periodicals		xxx
To Legacies		xxx	By office expenses		xxx
To Endowment fund		xxx	By Gardening expenses		xxx
To sale of fixed asset		xxx	By Sundry expenses		xxx
To sale of investments		xxx	Capital Payments:		
To Receipt for specific fund investment		xxx	By fixed assets		xxx
To Balance c/d		xxx	By Investments By Repayment of loan		xxx
			By Balance c/d		
			Cash in hand	xxx	
			Cash at bank	xxx	xxx
		xxx			xxx

Format of Income and Expenditure account**Name of the club/Institution****Dr. Income and Expenditure Account for the year ended.... Cr.**

Expenditure	₹	Income	₹
To Salaries	xxx	By Subscription	xxx
To Charities	xxx	By Donation received	xxx
To Rent	xxx	By Admission fee received	xxx
To Donation paid	xxx	By Grant received	xxx
To stationery	xxx	By Rent received	xxx
To loss on sale of asset	xxx	By Interest received	xxx
To Depreciation	xxx	By profit on sale of asset	xxx
To surplus*	xxx	By Deficit*	xxx
(Excess of income over expenditure)		(Excess of expenditure over income)	
	xxx		xxx

The grass is always greener on the other side.

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Treatment o Revenue Receipts

Dr.		Income and Expenditure account for the year ended...			Cr.
Expenditure	₹	Income		₹	₹
		By Subscription		xxx	
		Less: Subscription for the previous year		xxx	
				xxx	
		Less: Subscription for the subsequent year		xxx	
				xxx	
		Add: Outstanding subscription for the current year		xxx	
		Add: Received in advance during the year		xxx	
				xxx	xxx

CHAPTER - 3**Format of Partners'current Account under fixed capital method**

Dr.		Partners' Current account				Cr.	
Date	Particulars	A ₹	B ₹	Date	Particulars	A ₹	B ₹
	To Balance b/d*	xxx	xxx		By Balance b/d*	xxx	xxx
	To Drawings A/c	xxx	xxx		By Interest on capital A/c	xxx	xxx
	To Interest on drawings A/c	xxx	xxx		By salary A/c	xxx	xxx
	To Profit and loss Appropriation A/c	xxx	xxx		By commission A/c	xxx	xxx
	(Share of loss)				By Profit and loss	xxx	xxx
	To Balance c/d**	xxx	xxx		Appropriation A/c (Share of profit)		
					By Balance c/d**	xxx	xxx

Format of capital account under fluctuating capital method

Dr.		Partners' capital account				Cr.	
Date	Particulars	A ₹	B ₹	Date	Particulars	A ₹	B ₹
	To cash/ Bank A/c (capital withdrawn)	xxx	xxx		By Balance b/d	xxx	xxx
	To Drawings A/c	xxx	xxx		By cash/Bank A/c (additional capital introduced)	xxx	xxx
	To Interest on Drawings A/c	xxx	xxx		By Interest on capital A/c	xxx	xxx
	To Profit and loss appropriation A/c (share of loss)	xxx	xxx		By Salary A/c	xxx	xxx
	To Balance c/d	xxx	xxx		By commission A/c	xxx	xxx
					By profit and loss appropriation A/c (share of profit)	xxx	xxx
			xxx				xxx

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Format of partners' Capital account under fixed capital method

Dr.				Cr.			
Partners' capital account							
Date	Particulars	A ₹	B ₹	Date	Particulars	A ₹	B ₹
	To cash/Bank A/c (permanent withdrawal of capital)	xxx	xxx		By Balance b/d	xxx	xxx
	To Balance c/d	xxx	xxx		By cash/Bank A/c (additional capital introduced)	xxx	xxx
			xxx				xxx

(a) For providing interest on capital

Date	Particulars	L.F	Debit ₹	Credit ₹
	Interest on capital A/c Dr. To partner's capital / current A/c		xxx	xxx

(b) For closing interest on capital account

Date	Particulars	L.F	Debit ₹	Credit ₹
	Profit and loss appropriation A/c Dr. To Interest on capital A/c		xxx	xxx

Calculation of Interest on capital

If capital at the beginning is not given, then it can be calculated as below:

Particulars	₹
Capital at end	xxx
Add: Drawings during the year (if fluctuating capital) (Capital withdrawn during the year)	xxx
Less: Profit credited during the year (if fluctuating capital) Additional capital introduced during the year	xxx
Capital at the beginning	xxx

(a) For charging interest on drawings

Date	Particulars	L.F	Debit ₹	Credit ₹
	Partners capital/current A/c Dr. To Interest on drawings A/c		xxx	xxx

(b) For closing interest n drawings account

Date	Particulars	L.F	Debit ₹	Credit ₹
	Interest on drawing A/c Dr. To Profit and loss appropriation A/c		xxx	xxx

Salary and commission to partners**(a) For partners' salary and commission due**

Date	Particulars	L.F	Debit ₹	Credit ₹
	Partner's salary A/c Dr. Partner's commission A/c Dr. To partner's capital/current A/c		xxx xxx	xxx

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(b) For closing partner's salary and omission account at the end of the accounting year

Date	Particulars	L.F	Debit ₹	Credit ₹
	Profit and loss appropriation A/c Dr. To Partner's salary A/c To Partner's commission A/c		xxx	xxx xxx

Interest on loan from partners**(a) For providing interest on partners loan**

Date	Particulars	L.F	Debit ₹	Credit ₹
	Interest on partners loan Dr. To partner's loan		xxx	xxx

(b) For closing interest on partner's loan account

Date	Particulars	L.F	Debit ₹	Credit ₹
	Profit and loss A/c Dr. To interest on partner's loan A/c		xxx	xxx

Format for profit and loss appropriation account

Dr.		Profit and loss appropriation account		Cr.	
Particulars	₹	Particulars	₹		
To Interest on partners capital A/c	xxx	By profit and loss A/c*	xxx		
To partners salary A/c	xxx	By Interest on partner's drawings A/c	xxx		
To partners commission A/c	xxx				
To Partner's/current A/c	xxx				
	xxx				xxx

CHAPTER 5**Distribution of accumulated profits, reserves and losses****(a) For transferring accumulated profit and reserves**

Journal entry

Date	Particulars	L.F	Debit ₹	Credit ₹
	Profit and loss appropriation A/c Dr.		xxx	
	General reserve A/c Dr.		xxx	
	Reserve fund A/c Dr.		xxx	
	Workmen compensation fund A/c Dr.		xxx	
	Investment fluctuation fund A/c Dr.		xxx	
	To Old partners' capital /current A/c (in old ratio)			xxx

(b) For transferring accumulated loss

Journal entry

Date	Particulars	L.F	Debit ₹	Credit ₹
	Old partner's capital/current A/c Dr.		xxx	
	To Profit and loss A/c (in old ratio)			xxx

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Format for Revaluation Account

Dr.	Revaluation Account		Cr.
Particulars	₹	particulars	₹
To concerned asset A/c (net decrease)	xxx	By concerned asset A/c (net increase)	xxx
To concerned liability A/c (net increase)	xxx	By concerned liability A/c (net decrease)	xxx
To old partner's capital A/c (profit on revaluation shared in old ratio)*	xxx	By old partner's capital A/c (loss on revaluation shared in old ratio)*	xxx
	xxx		xxx

Accounting treatment of goodwill**1. When new partner brings cash towards goodwill****(i) For the goodwill brought in cash credited to old partners' capital account**

Date	Particulars	L.F	Debit ₹	Credit ₹
	Cash/Bank A/c To Old partners' capital/current A/c (in sacrificing ratio)	Dr.	xxx	xxx

(ii) For the goodwill bought by in kind (in form of assets) credited to old partners' capital account

Date	Particulars	L.F	Debit ₹	Credit ₹
	Respective Asset A/c To Old partners' capital/current A/c (sacrificing ratio)	Dr.	xxx	xxx

(iii) For withdrawal of cash received or goodwill by the old partners

Date	Particulars	L.F	Debit ₹	Credit ₹
	Old partners' capital/current A/c To cash/Bank A/c	Dr.	xxx	xxx

2. When the new partner does not bring goodwill in cash or kind

Date	Particulars	L.F	Debit ₹	Credit ₹
	New partners' capital A/c To Old partners' capital/current A/c (in sacrificing ratio)	Dr.	xxx	xxx

3. When the new partner brings only a part of goodwill in cash or kind

Date	Particulars	L.F	Debit ₹	Credit ₹
	Cash /Bank A/c New partners' capital A/c To old partners' Capital / current A/c (in sacrificing ratio)	Dr. Dr.	xxx xxx	xxx

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4. Existing goodwill

Date	Particulars	L.F	Debit ₹	Credit ₹
	Old partners' capital/current A/c (old ratio) Dr. To Goodwill A/c (Existing goodwill written off)		xxx	xxx

CHAPTER-6**Adjustment of goodwill**

Date	Particulars	L.F	Debit ₹	Credit ₹
	Continuing partners' capital/current A/c (gaining ratio) Dr. To Retiring partners' capital/ current A/c		xxx	xxx

Existing goodwill

Date	Particulars	L.F	Debit ₹	Credit ₹
	All partners' capital/ current A/c (old ratio) Dr. To Goodwill A/c (Existing goodwill written off)		xxx	xxx

Adjustment for current year's profit or loss upto the date of retirement

Date	Particulars	L.F	Debit ₹	Credit ₹
	Profit and loss suspense A/c Dr. To Retiring partners' current year share of profit credited to his capital account)		xxx	xxx

Settlement of the amount due to the retiring partner**(a) When the amount due is paid in cash immediately**

Date	Particulars	L.F	Debit ₹	Credit ₹
	Retiring partners' capital A/c Dr. To cash in Bank A/c		xxx	xxx

(b) When the amount due is not paid immediately in cash

Date	Particulars	L.F	Debit ₹	Credit ₹
	Retiring partners' capital A/c Dr. To Retiring partners' loan A/c		xxx	xxx

(c) When the amount due is partly paid in cash

Date	Particulars	L.F	Debit ₹	Credit ₹
	Retiring partners' capital A/c Dr. To cash / Bank A/c (amount paid) To Retiring partners' loan A/c		xxx	xxx

Adjustments Required on the death of partner**(i) To transfer the amount due to the deceased partner to the executor or legal representative of the deceased partner**

Date	Particulars	L.F	Debit ₹	Credit ₹
	Deceased partner's capital A/c Dr. To Deceased partners' executor A/c		xxx	xxx

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(ii) For payment made**(a) When the amount due is paid in cash immediately**

Date	Particulars	L.F	Debit ₹	Credit ₹
	Deceased partners executor A/c Dr. To cash / Bank A/c		xxx	xxx

(b) When the amount due is not paid immediately in cash

Date	Particulars	L.F	Debit ₹	Credit ₹
	Deceased partner's executor Dr. To Deceased partners' executor loan A/c		xxx	xxx

(c) When the amount due is partly paid in cash immediately

Date	Particulars	L.F	Debit ₹	Credit ₹
	Deceased partner's executor A/c Dr. To Cash/Bank A/c (Amount Paid) To deceased partner's executor loan account		xxx	xxx xxx

CHAPTER - 7**When shares are issued for cash at par:**

Date	Particulars	L.F	Debit ₹	Credit ₹
	1. On receipt of application money Bank A/c Dr. To Equity share application A/c		xxx	xxx
	2. On allotment of shares to transfer share application money Share application A/c Dr. To Equity share capital A/c		xxx	xxx
	3. On refund of application money for rejected applications Equity share application A/c Dr. To Bank A/c		xxx	xxx
	4. For allotment money due Equity share allotment A/c Dr. To Equity share capital A/c		xxx	xxx
	5. On receipt of allotment money Bank A/c Dr. To Equity share allotment		xxx	xxx
	6. On making call for the call money due Equity share call A/c Dr. To Equity share capital A/c		xxx	xxx
	7. On receipt of call money Bank A/c Dr. To Equity share call A/c		xxx	xxx

Call in advance

Date	Particulars	L.F	Debit ₹	Credit ₹
	(a) For money received in advance on allotment and call Bank A/c Dr. To call in advance A/c		xxx	xxx

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Re-issue of forfeited shares

Date	Particulars	L.F	Debit ₹	Credit ₹
	(i) If premium is collected with application money (a) For receiving application money (application money + premium) Bank A/c Dr. To Equity share application		xxx	xxx
	(b) For transfer of application money Equity share application A/c Dr. To Equity share capital A/c To Securities premium A/c		xxx	xxx xxx
	(ii) If premium is collected with allotment money/call money (a) For allotment/call money due (allotment / call money + premium) Equity share allotment/call A/c Dr. To Equity share capital A/c To Securities premium A/c		xxx	xxx xxx
	(b) For receiving allotment / call money Bank A/c Dr. To Equity share allotment / call A/c		xxx	xxx
	(iii) When shares are forfeited (for which premium is not received) Equity share capital A/c Dr. Securities premium A/c Dr. To Equity share allotment A/c To Equity share call A/c To Forfeited shares A/c		xxx xxx	xxx xxx xxx

Issue of Shares for cash in lumpsum

Date	Particulars	L.F	Debit ₹	Credit ₹
	(i) For receipt of application money Bank A/c Dr. To Equity share application A/c		xxx	xxx
	(ii) For transfer of application money Equity share application A/c Dr. To Equity share capital A/c To securities premium A/c (if issued at premium)		xxx	xxx xxx

Issue of shares for consideration other than cash

Date	Particulars	L.F	Debit ₹	Credit ₹
	(i) For purchase of asset Respective asset A/c Dr. To vendor A/c		xxx	xxx
	(ii) For issue of shares Vendor A/c Dr. To Equity share capital A/c To Securities premium A/c		xxx	xxx xxx

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CHAPTER - 8

Format of Comparative Statement

Particulars	Year 1	Year 2	Absolute amount of increase (+) or decrease (-)	Percentage increase (+) Or decrease (-)
	₹	₹		
(1)	(2)	(3)	(4)	(5)

Format of common size statement

Particulars	Absolute amount	Percentage



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12TH STANDARD
PUBLIC PAPER 2018 - 19
Part - I

Answer all the questions

Choose the correct answer

(20 x 1 = 20)

- 1) Statement of affairs is generally prepared to find out the ----- of the business.
 a) Profit or loss b) Financial position c) Capital d) Arithmetical accuracy
- 2) Income and expenditure account is a
 a) Representative personal account b) Real account
 c) Nominal account d) Personal account
- 3) Closing capital + drawings –additional capital=
 a) Adjusted opening capital b) opening capital
 c) profit or loss d) Adjusted closing capital
- 4) 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) 49,000 b) 50,000 c) 50,200 d) 49,900
- 5) In the absence of an agreement among the partners interest on capital is
 a) allowed @ 6% per annum b) Not allowed
 c) allowed at bank rate d) Allowed @ 5% per annum
- 6) Select the odd one out
 a) Fixed capital method b) Average profit method
 c) Super profit method d) Capitalisation method
- 7) Under fixed capital method partners salary, commission and interest on capital will be credited in
 a) Drawings account b) Capital account c) Current account d) Loan account
- 8) If the old profit sharing ratio is more than the new profit sharing ratio of a partner the difference is called
 a) Solvency ratio b) Capital ratio c) Sacrificing ratio d) Gaining ratio
- 9) When shares are issued for purchased of assets the amount should be credited to
 a) bank account b) Vendors account
 c) Sundry assets account d) share capital account
- 10) The part of share capital which can be called up only on the winding up of a company is called
 a) Reserve capital b) Authorised capital c) Called up capital d) Capital reserve
- 11) 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 shown Rs 36,000
 a) 36,000 b) 1,000 c) 3,000 d) 12,000
- 12) The financial statement do not exhibit
 a) long term data b) Non monetary data c) Past data d) Short term data
- 13) Match the following
 1) under subscription - i) Annual prepared for calls
 2) Over subscription - ii) Subscription above the offered shares
 3) Calls in arrears - iii) Subscription below the offered shares
 4) Calls in advance - iv) Amount unpaid on calls
 a) 1-(iii), 2-(iv), 3-(i), 4-(ii) b) 1-(i), 2-(ii), 3-(iii), 4-(iv)
 c) 1-(iv), 2-(iii), 3-(ii), 4-(i) d) 1-(iii), 2-(ii), 3-(iv), 4-(i)
- 14) Assets that can be converted into cash within a year or within the period of an operating cycle is
 a) Tangible assets b) Fixed assets c) Current assets d) Intangible assets

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- 15) Match the following
- | | | |
|-----------------------------|---|-------------------------|
| 1) Current ratio | - | i) Liquidity |
| 2) Net profit ratio | - | ii) Efficiency |
| 3) Debt equity ratio | - | iii) Long term solvency |
| 4) Inventory turnover ratio | - | iv) Profitability |
- a) 1-(i), 2-(ii), 3-(iii), 4-(iv) b) 1-(i), 2-(iv), 3-(iii), 4-(ii)
c) 1-(iii), 2-(ii), 3-(iv), 4-(i) d) 1-(iv), 2-(iii), 3-(ii), 4-(i)
- 16) In which type of voucher credit purchase of furniture is recorded in tally?
a) payment voucher b) Receipt voucher c) Journal voucher d) Purchase voucher
- 17) Identify the incorrect pair
a) Goodwill under annuity method = Average profit x Present value annuity factor
b) Goodwill under average profit method = average profit x Number of years of purchase
c) Goodwill under average profit method = Super profit x number of years of purchases
d) Goodwill under weighted average profit method = Weighted average profit x number of years of purchases
- 18) Which of the following options is used to view trial balance from gateway of tally?
a) Gateway of tally → Display → Trial balance
b) Gate way of tally → Reports → trial balance
c) Gate way of tally → trial balance
d) Gateway of tally → reports → display → trial balance
- 19) On retirement of a partner from a partnership firm accumulated profits and losses are distributed to the partners in the
a) Sacrificing ratio b) New profit sharing ratio
c) Gaining ratio d) old profit sharing ratio
- 20) Expenses for a business for the first year were Rs 80,000. In the second year It was increased to Rs 88,000 What is the trend percentage in the second year?
a) 11% b) 10% c) 110% d) 90%

Part - II

ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY

7 X 2 = 14

- 21) Which accounting system may be suitable for small sized sole traders and partnership firms? Explain?
- 22) Give four examples for revenue receipt of not for profit organisation?
- 23) Mani is a partner who withdrew Rs 30,000 on 1st September 2018. Interest on drawings is charged at 6% Per annum. Calculate interest on drawings on 31st December 2018 and show the journal entries by assuming that fluctuating capital method is followed.
- 24) What is self generated goodwill?
- 25) Compute average profit from the following information?
2016 - ₹8,000; 2017 - ₹10,000; 2018 - ₹9,000
- 26) Anbu and raju are partners sharing profits in the ratio of 3 : 2. Akshai is admitted as a partner. The new profit sharing ratio among Anbu, Raju and akshai is 5 : 3 : 2. Find out the sacrificing ratio
- 27) From the following information, calculate the value of goodwill under annuity method
i) Average profit - ₹14,000 ii) Normal profit ₹ 4,000
iii) Normal rate of return 15% iv) Years of purchases of goodwill 5
Present value of ₹ 1 for 5 years at 15% per annum as per the annuity table is 3.352
- 28) Sara company issues 10,000 equity shares of ₹ 10 at a premium of ₹ 2 each payable fully on application. Pass journal entries.
- 29) State any five accounting reports in tally ERP 9?
- 30) What is liquidity ? What are the types of liquidity ratio?

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Part - III

ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY.

(7 x 3 = 21)

31) From the following details calculate the missing figure

Particulars	₹
Capital as on 31st December 2018	35,000
Capital as on 1st January 2018	27,000
Goods taken for the personal use of the proprietor	?
Additional capital introduced during the year	2,500
Profit for the year	10,000

32) From the following particulars calculate total purchases

Particulars	₹
Sundry creditors on 1st January 2018	30,000
Paid cash to creditors	1,20,000
Purchase returns	15,000
Cash purchases	2,25,000
Creditors on 31st December 2018	25,000

33) Compute capital fund of salem sports club as on 1.4.2019

Particulars	₹	Particulars	₹
Sports equipment	30,000	Prize fund	10,000
Computer	25,000	Prize fund investment	10,000
Subscription outstanding for 2018-19	5,000	Cash in hand	7,000
Subscription received in advance for 2019-20	8,000	Cash at bank	21,000

34) State the difference between fixed capital method and fluctuating capital method.

35) A partnership firm earned net profit during the last three years as follows 2016 - ₹20,000; 2017 - ₹17,000; 2018 - ₹23,000

The capital investment of the firm throughout the above mentioned period has been ₹ 80,000. Having regard to risk involved, 15% is considered to be a fair return on capital employed in the business. Calculate the value of goodwill on the basis of 2 years purchases of super profit.

36) Seenu and siva are the partners sharing profit and losses in the ratio of 5 - 3 in the view of subbu admission, they decided

- To increase the value of building by ₹70,000
 - To bring into record investments at ₹20,000, Which have not so far been brought into account.
 - To decrease the value of machinery by ₹14,000 and furniture by ₹12,000.
 - To write off sundry creditors by ₹ 16,000.
- prepare Revaluation account.

37) From the following particulars prepare comparative income statement of mary and co ltd

Particulars	2015-16 ₹	2016-17 ₹
Revenue from operations	4,00,000	5,00,000
Operating expenses	2,00,000	1,80,000
Income tax(profit before tax in percentage)	20%	50%

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38) Calculate Gross profit ratio from the following

Revenue from operations ₹ 2,50,000

Cost of revenue from operations ₹ 2,10,000

Purchases ₹ 1,80,000

39) What are the pre defined ledgers available in tally ERP 9?**40) Aruna mills ltd with a registered capital of ₹ 5,00,000 in equity shares of Rs 10 each issued 40,000 of such shares as follow.**

₹ 3 per shares on application, ₹ 5 per share on allotment and ₹ 2 per shares on first and final call. The issues was duly subscribed . All the money payable was duly received . But one share holder holding 1000 shares paid the first and final call money on allotment itself. Give journal entries for allotment.

PART - IV**ANSWER ALL THE QUESTIONS****7 X 5 = 35****41) A) Ananth does not keep his book under double entry system. Find the profit or loss made by him for the year ending 31st march 2018.**

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 particulars of Chennai sports club prepare Receipt and payment account for the year ended 31st march 2018

Particulars	₹	Particulars	₹
Opening cash balance as on 1.4.2017	10,000	Subscription received	74,500
Opening bank balance as on 1.4.2017	15,000	2016-17	4,500
Interest paid	5,000	2017-18	65,000
Telephone expenses	7,000	2018-19	5,000
Upkeep of grounds	22,500	Tournament expenses	12,500
Life membership fees received	5,500	Tournament fund receipt	15,000
Bats and balls purchases	13,000	Closing balance of cash (31.3.2018)	5,000

42) a) From the following particulars, calculate total sales.

Particulars	₹
Debtors on 1st April 2017	50,000
Bills receivable on 1st April 2017	40,000
Cash received from debtors	3,90,000
Cash received for bills receivable	90,000
Bills receivable dishonoured	10,000
Sales return	40,000

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Particulars	₹
Bills receivable on 31st March, 2018	30,000
Sundry debtors on 31st March, 2018	1,30,000
Cash sales	2,00,000

b) Following is the balance sheet of Lakshmi Ltd. as on 31st March, 2019:

Particulars	₹
I EQUITY AND LIABILITIES	
1. Shareholders' funds	
Equity share capital	4,00,000
2. Non-current liabilities	
Long term borrowings	2,00,000
3. Current liabilities	
(a) Short-term borrowings	50,000
(b) Trade payables	3,10,000
(c) Other current liabilities	
Expenses payable	15,000
(d) Short-term provisions	25,000
Total	10,00,000
II ASSETS	
1. Non-current assets	
(a) Fixed assets	4,00,000
Tangible assets	
2. Current assets	
(a) Inventories	1,60,000
(b) Trade debtors	3,20,000
(c) Cash and cash equivalents	80,000
(d) Other current assets	
Prepaid expenses	40,000
Total	10,00,000

Calculate:

- (i) Current ratio (ii) Quick ratio

43) a) The following is the summary of cash transactions of Delhi Literary Club for the year ending 31st March, 2019.

Delhi Literary Club

Receipts and Payments Account for the year ending 31st March, 2019

Receipts	₹	Payments	₹
To Balance b/d		By Rents and Rates	21,000
Cash in hand	3,200	By Lecture fees	4,500
To Entrance fees	2,300	By Sundry expenses	7,200
To Subscriptions	46,000	By Fixed deposit	40,000
To Life membership fees	2,500	By Balance c/d	

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Receipts	₹	Payments	₹
To Interest received on fixed deposit	500	Cash in hand	4,300
To Sale of furniture (on 1.4.2018)	22,500		
(Book value ₹ 25,000)			
	77,000		77,000

Additional information

(a) At the beginning of the year the club possessed books worth ₹ 20,000 and furniture worth ₹ 40,000.

(b) Subscription received in advance during the current year amounted to ₹ 1,000.

Prepare Income and Expenditure account of the club for the year ending 31st March, 2019 and the Balance sheet as on that date.

(Or)

b) **Difference between statement of affairs and balance sheet?**

44) a) **Dinesh and Sugumar entered into a partnership agreement on 1st January 2018, Dinesh contributing ₹ 1,50,000 and Sugumar ₹ 1,20,000 as capital. The agreement provided that:**

(a) Profits and losses to be shared in the ratio 2:1 as between Dinesh and Sugumar.

(b) Partners to be entitled to interest on capital @ 4% p.a.

(c) Interest on drawings to be charged Dinesh: ₹ 3,600 and Sugumar: ₹ 2,200

(d) Dinesh to receive a salary of ₹ 60,000 for the year, and

(e) Sugumar to receive a commission of ₹ 80,000

During the year ended on 31st December 2018, the firm made a profit of ₹ 2,20,000 before adjustment of interest, salary and commission. Prepare the Profit and loss appropriation account.

(Or)

b) **From the following information, calculate trend percentages for Mullai Ltd.**

Particulars	In lakhs		
	2015-16	2016-17	2017-18
Revenue from operations	100	120	160
Other income	20	24	20
Expenses	20	14	40
Income tax	30%	30%	30%

45) a) **Amal and Vimal are partners in a firm sharing profits and losses in the ratio of 7:5. Their balance sheet as on 31st March, 2019, is as follows:**

Liabilities	₹	₹	Assets	₹
Amal	70,000		Furniture	20,000
Vimal	50,000	1,20,000	Stock	25,000
Sundry creditors		30,000	Debtors	30,000
Profit and loss A/c		24,000	Bank	19,000
		1,74,000		1,74,000

Nirmal is admitted as a new partner as on 1-4-2018 by introducing a capital of Rs. 30,000 for 1/3 share in the future profit subject to the following adjustments.

1) Stock to be depreciated by Rs. 5,000

2) Provision for doubtful debts to be created for Rs. 3,000

3) Land to be appreciated by Rs. 20,000

prepare revaluation account and capital account of partners after admission

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(Or)

- b) **Bharath Ltd. issued 1,00,000 equity shares of ₹ 10 each to the public at par. The details of the amount payable on the shares are as follows:**

On application ₹ 5 per share

On allotment ₹ 3 per share

On first and final call ₹ 2 per share

Application money was received for 1,20,000 shares. Excess application money was refunded immediately. Pass journal entries to record the above.

- 46) a) **Charles, Muthu and Sekar are partners, sharing profits in the ratio of 3:4:2. Their balance sheet as on 31st December, 2018 is as under:**

Liabilities	₹	₹	Assets	₹
Capital accounts:			Furniture	20,000
Charles	30,000		Stock	40,000
Muthu	40,000		Debtors	30,000
Sekar	20,000	90,000	Cash at bank	42,000
Workmen compensation fund		27,000	Profit and loss A/c (loss)	18,000
Sundry creditors		33,000		
		1,50,000		1,50,000

On 1.1.2019, Charles retired from the partnership firm on the following arrangements.

- Stock to be appreciated by 10%
- Furniture to be depreciated by 5%
- To provide ₹ 1,000 for bad debts
- There is an outstanding repairs of ₹ 11,000 not yet recorded
- The final amount due to Charles was paid by cheque

Prepare revaluation account, partners' capital account and the balance sheet of the firm after retirement.

(Or)

- b) **From the following trading activities of Naveen Ltd. calculate**

- (i) Gross profit ratio (ii) Operating cost ratio (iii) Operating profit ratio

Statement of Profit and loss

Particulars	₹
I. Revenue from operations	20,000
II. Other income:	
Income from investments	200
III. Total revenues (I+II)	20,200
IV. Expenses:	
Purchases of stock-in-trade	17,000
Changes in inventories	-1,000
Finance costs	300
Other expenses (administration and selling)	2,400
Total expenses	18,700
V. Profit before tax (III - IV)	1,500

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47) a) Nivetha ltd forfeited 1000 equity shares of Rs 10 each for non payment of call of Rs 4 per share. Of these 800 shares were re issued @ Rs 7 per share Pass journal entries for forfeiture and re issue

(Or)

b) Mention the commonly used voucher types in tally ERP 9?

MODEL PAPER - 1

PART - I

CHOOSE THE CORRECT ANSWER

(20 X 1 = 20)

- The excess of assets over liabilities is
(a) Loss (b) Cash (c) Capital (d) Profit
- 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
- Income and expenditure account is a
(a) Nominal A/c (b) Real A/c (c) Personal A/c (d) Representative personal account
- Legacy is a
(a) Revenue expenditure (b) Capital expenditure
(c) Revenue receipt (d) Capital receipt
- As per the Indian Partnership Act, 1932, the rate of interest allowed on loans advanced by partners is
(a) 8% per annum (b) 12% per annum (c) 5% per annum (d) 6% per annum
- Which of the following is the incorrect pair?
(a) Interest on drawings – Debited to capital account
(b) Interest on capital – Credited to capital account
(c) Interest on loan – Debited to capital account
(d) Share of profit – Credited to capital account
- 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
- The total capitalised value of a business is Rs. 1,00,000; assets are Rs. 1,50,000 and liabilities are Rs. 80,000. The value of goodwill as per the capitalisation method will be
(a) Rs. 40,000 (b) Rs. 70,000 (c) Rs. 1,00,000 (d) Rs. 30,000
- At the time of admission, the goodwill brought by the new partner may be credited to the capital accounts of
(a) all the partners (b) the old partners
(c) the new partner (d) the sacrificing partners
- Match List I with List II and select the correct answer using the codes given below:
List I List II
(i) Sacrificing ratio 1. Investment fluctuation fund
(ii) Old profit sharing ratio 2. Accumulated profit
(iii) Revaluation Account 3. Goodwill
(iv) Capital Account 4. Unrecorded liability
Codes: (i) (ii) (iii) (iv)
(a) 1 2 3 4 (b) 3 2 4 1 (c) 4 3 2 1 (d) 3 1 4 2

•• DHOSTH GUIDES ••

11. On retirement of a partner from a partnership firm, accumulated profits and losses are distributed to the partners in the
 (a) New profit sharing ratio (b) Old profit sharing ratio
 (c) Gaining ratio (d) Sacrificing ratio
12. A, B and C are partners sharing profits in the ratio of 2:2:1. On retirement of B, goodwill of the firm was valued as Rs. 30,000. Find the contribution of A and C to compensate B:
 (a) Rs. 20,000 and Rs. 10,000 (b) Rs. 8,000 and Rs. 4,000
 (c) Rs. 10,000 and Rs. 20,000 (d) Rs. 15,000 and Rs. 15,000
13. Match the pair and identify the correct option
 (1) Under subscription - (i) Amount prepaid for calls
 (2) Over subscription - (ii) Subscription above the offered shares
 (3) Calls in arrear - (iii) Subscription below the offered shares
 (4) Calls in advance - (iv) Amount unpaid on calls
 Codes: (1) (2) (3) (4)
 (a) (i) (ii)(iii) (iv) (b) (iv) (iii) (ii) (i) (c) (iii) (ii) (iv) (i) (d) (iii) (iv) (i) (ii)
14. 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
15. Pick the Odd one Out.
 a) Incomplete b) unsystematic c) balance sheet d) unscientific
16. Expenses for a business for the first year were Rs. 80,000. In the second year, it was increased to Rs. 88,000. What is the trend percentage in the second year?
 a) 10 % b) 110 % c) 90 % d) 11%
17. Which one of the following is not correctly matched?
 (a) Liquid ratio – Proportion (b) Gross profit ratio – Percentage
 (c) Fixed assets turnover ratio – Percentage (d) Debt-equity ratio – Proportion
18. Cost of revenue from operations Rs. 3,00,000; Inventory in the beginning of the year Rs. 60,000; Inventory at the close of the year Rs. 40,000. Inventory turnover ratio is
 (a) 2 times (b) 3 times (c) 6 times (d) 8 times
19. Which of the following options is used to view Trial Balance from Gateway of Tally?
 (a) Gateway of Tally -> Reports -> Trial Balance
 (b) Gateway of Tally -> Trial Balance
 (c) Gateway of Tally -> Reports -> Display -> Trial Balance
 (d) None of these
20. capital fund also called as
 a) Accumulated fund b) special fund c) donation fund d) none on these

PART - II**Answer any Seven Questions: Question No: 30 is compulsory****7 X 2 = 14**

21. What is meant by incomplete records?
 22. From the following receipts and payments account and the additional information given below, calculate the amount of subscription to be shown in Income and expenditure account for the year ending 31st December, 2018.

RECEIPT		₹	₹	PAYMENTS	₹
To Subscription:	2017	28,000			
	2018	1,72,000			
	2019	12,000	2,12,000		

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Additional information: Subscription outstanding for the year 2018 is Rs. 8,000.

23. What is a partnership deed?
 24. Find out the value of goodwill at three years purchase of weighted average profit of last four years.

YEAR	PROFIT	WEIGHT
2015	10,000	1
2016	12,000	2
2017	16,000	3
2018	18,000	4

25. Hameed and Govind are partners sharing profits and losses in the ratio of 5:3. They admit John as a partner. John acquires his share 1/5 from Hameed and 1/5 from Govind. Find out the new profit sharing ratio and sacrificing ratio.
 26. What is gaining ratio?
 27. Sara Company issues 10,000 equity shares of Rs. 10 each payable fully on application. Pass journal entries if the shares are issued at a premium of Rs. 2 per share.
 28. What is working capital?
 29. What is Accounting Information System (AIS)?
 30. Every receipts and payments whether capital or revenue and irrespective of the period is recorded in receipts and payments accounts why? Give reason.

PART - III

Answer any Seven Questions: Question No: 40 is compulsory

7 X 3 = 21

31. State the differences between double entry system and incomplete records.(any three)
 32. From the following particulars of Trichy Educational Society, prepare Receipts and Payments account for the year ended 31st December, 2018

PARTICULARS	AMOUNT ₹	PARTICULARS	AMOUNT ₹
Opening cash balance as on 1.1.2018	20,000	General expenses	7000
Locker rent received	12,000	Donation received	80000
Investment made	80,000	Postage	1000
Sale of furniture	5,000	Audit fees paid	2000
Honorarium paid	3,000	Subscription received	10,000

33. Chennai tennis club had Match fund showing credit balance of Rs. 24,000 on 1st April, 2018. Receipt to the fund during the year was Rs. 26,000. Match expenses incurred during the year was Rs. 33,000. How these items will appear in the final accounts of the club for the year ended 31st March, 2019?
 34. The following are the profits of a firm in the last five years: 2014: Rs. 10,000; 2015: Rs. 11,000; 2016: Rs. 12,000; 2017: Rs. 13,000 and 2018: Rs. 14,000 Calculate the value of goodwill at 2 years purchase of average profit of five years.
 35. What are the ways in which the final amount due to an outgoing partner can be settled?
 36. From the following particulars of Maria Ltd. and Kala Ltd. prepare a common-size income statement for the year ended 31st March, 2019.

Particulars	Mariya ltd ₹	Kala ltd ₹
Revenue form perstion	1,00,000	2,00,000
Other income	10,000	30,000
expenses	70,000	1,20,000

37. Nathiya Textiles Ltd. forfeited 100 shares of Rs. 10 each, Rs. 8 called up, on which Mayuri had paid application and allotment money of Rs. 6 per share. Of these 75 shares were re-issued to

•• DHOSTH GUIDES ••

Soundarya by receiving Rs. 7 per share paid up as Rs. 8 per share. Pass journal entries for for feiture and reissue.

38. From the following figures obtained from Arjun Ltd, calculate the trade payable turnover ratio and credit payment period (in days).

Particulars	₹
Credit purchases during 2018 – 2019	9,50,000
Trade creditors as on 1.4.2018	60,000
Trade creditors as on 31.3.2019	50,000
Bills payable as on 1.4.2018	45,000
Bills payable as on 31.3.2019	35,000

39. Explain any five applications of computerised accounting system.
40. How is interest on drawing calculated, if the drawings are made at regular intervals as on the first day of each month.

PART - IV

Answer any Following Questions:

7 X 5 = 35

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.

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) Mayiladuthurai Recreation Club gives you the following details. Prepare Receipts and Payments account for the year ended 31st March, 2019.

Particulars	Amount ₹	Particulars	Amount ₹
Opening cash balance	15,000	Salary of watchman	12,000
Opening bank balance	25,000	Club annual day expenses	15,000
Donation received	48,000	Lightning expenses	16,500
Sale of old equipment	26,000	Entertainment expenses	13,500
Refreshment charges	13,000	Billiards table purchased	5,000
Club annual day collection	18,000	Expenses of charity show	3,000
Construction of tennis court	7,000	Sale of investment	12,000
Receipt from charity show	4,000	Closing cash balance	12,000
Rent paid	1,000		

•• DHOSTH GUIDES ••

42. A) Dinesh and Sugumar entered into a partnership agreement on 1st January 2018, Dinesh contributing Rs. 1,50,000 and Sugumar Rs. 1,20,000 as capital. The agreement provided that:

- Profits and losses to be shared in the ratio 2:1 as between Dinesh and Sugumar.
- Partners to be entitled to interest on capital @ 4% p.a.
- Interest on drawings to be charged Dinesh: Rs. 3,600 and Sugumar: Rs. 2,200
- Dinesh to receive a salary of Rs. 60,000 for the year, and
- Sugumar to receive a commission of Rs. 80,000

During the year ended on 31st December 2018, the firm made a profit of Rs. 2,20,000 before adjustment of interest, salary and commission. Prepare the Profit and loss appropriation account.

(Or)

B) From the following information, calculate the value of goodwill under annuity method:

- Average profit Rs. 14,000
 - Normal Profit Rs. 4,000
 - Normal rate of return 15%
 - Years of purchase of goodwill 5
- Present value of Rs. 1 for 5 years at 15% per annum as per the annuity table is 3.352

43. A) Ameer and Raja are partners sharing profits in the ratio of 3:2. Their balance sheet is shown as under on 31.12.2018.

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹
Capital account			machinery	60000
Ameer	80,000		furniture	40000
raja	70,000	1,50,000	debtors	90000
Received fund		15,000	Stock	10000
Sundry creditors		35,000	Prepaid insurance	40000
			Cash at bank	20000
		200000		200000

On 1.1.2018, they admit Suriya into their firm as a partner on the following arrangements.

- Suriya brings Rs. 10,000 as capital for 1/4 share of profit.
- Stock to be depreciated by 10%
- Debtors to be revalued at Rs. 7,500.
- Furniture to be revalued at Rs. 40,000.
- There is an outstanding wages of Rs. 4,500 not yet recorded.

Prepare revaluation account, partners' capital account and the balance sheet of the firm after admission.

(Or)

B) Varsha, Shanthi and Madhuri are partners, sharing profits in the ratio of 5:4:3. Their balance sheet as on 31st December 2017 is as under:

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹
Capital account			premises	1,20,000
Varsha	80,000		stock	40,000
Shanthi	60,000		debtors	50,000
madhuri	20,000		Cash at bank	18,000
Reserve fund		48,000	Profit and loss a/c	12,000
Sundry creditors		32,000		
		2,40,000		2,40,000

•• DHOSTH GUIDES ••

On 1.1.2018, Madhuri died and on her death the following arrangements are made:

- (i) Stock to be depreciated by Rs. 5,000
- (ii) Premises is to be appreciated by 20%
- (iii) To provide Rs.4,000 for bad debts
- (iv) The final amount due to Madhuri was not paid

Prepare revaluation account, partners' capital account and the balance sheet of the firm after death.

44. A) Lalitha Ltd. offered 30,000 equity shares of Rs. 10 each to the public payable Rs. 2 per share on application, Rs. 3 on share allotment and the balance when required. Applications for 50,000 shares were received on which the directors allotted as:

Applicants for 10,000 shares - Full

Applicants for 35,000 shares - 20,000 shares (excess money will be utilised for allotment)

Applicants for 5,000 shares - Nil

All the money due was received. Pass journal entries up to the receipt of allotment

(Or)

B) From the following particulars, calculate the trend percentages of Kumar Ltd.

Particulars	In Thousands		
	2015-16	2016-17	2017-18
Revenue from operations	100	125	150
Other income	20	25	30
Expenses	100	120	80
Income tax	30%	30%	30%

45. (A) Calculate operating profit ratio under the following cases.

Case 1: Revenue from operations Rs. 8,00,000, Operating profit Rs. 2,00,000.

Case 2: Revenue from operations Rs. 20,00,000, Operating cost Rs. 14,00,000.

Case 3: Revenue from operations Rs. 10,00,000, Gross profit 25% on revenue from operations, Operating expenses Rs. 1,00,000

(Or)

(B) From the following trading activities of Jones Ltd. calculate

- (i) Gross profit ratio
- (ii) Net profit ratio
- (iii) Operating cost ratio
- (iv) Operating profit ratio

Particulars	Amount ₹
I. Revenue from operation	4,00,000
II. Other income: Income from investments	4,000
III. Total revenues (I + II)	4,04,000
IV. Expenses:	
Purchase of stock in trade	2,10,000
Changes in investments	30,000
Finance costs	24,000
Other expenses (administration and selling)	60,000
Total expenses	3,24,000
V. Profit before tax (III - IV)	3,24,000

46. (A) Anand and Narayanan are partners in a firm sharing profits and losses in the ratio of 5:3. On 1st January 2018, their capitals were Rs. 50,000 and Rs. 30,000 respectively. The partnership deed specifies the following:

- Interest on capital is to be allowed at 6% per annum.

•• DHOSTH GUIDES ••

- Interest on drawings charged to Anand and Narayanan are Rs. 1,000 and Rs. 800 respectively.
- The net profit of the firm before considering interest on capital and interest on drawings amounted to Rs. 35,000.

Give necessary journal entries and prepare profit and loss appropriation account as on 31st December 2018. Assume that the capitals are fluctuating.

(Or)

(B) Differentiate between Statement of affairs and Balance Sheet?

47. (A) Briefly explain the retirement and death of partner?

(Or)

b) Difference between receipt and payment account and income and expenditure account?

MODEL PAPER - 2

PART - I

CHOOSE THE CORRECT ANSWER

(20 X 1 = 20)

- 25,000 withdrawn from bank for office use. In which voucher type, this transaction will be recorded
 - Contra Voucher
 - Receipt Voucher
 - Payment Voucher
 - Sales Voucher
- In which voucher type credit purchase of furniture is recorded in Tally
 - Receipt voucher
 - Journal voucher
 - Purchase voucher
 - Payment voucher
- Which of the following options is used to view Trial Balance from Gateway of Tally?
 - Gateway of Tally -> Reports -> Trial Balance
 - Gateway of Tally -> Trial Balance
 - Gateway of Tally -> Reports -> Display -> Trial Balance
 - None of these
- 'A' was a partner in a partnership firm. He died on 31st March 2019. The final amount due to him is 25,000 which is not paid immediately. It will be transferred to
 - A's capital account
 - A's current account
 - A's Executor account
 - A's Executor loan account
- Income and expenditure account is a
 - Nominal A/c
 - Real A/c
 - Personal A/c
 - Representative personal account
- Income and Expenditure Account is prepared to find out
 - Profit or loss
 - Cash and bank balance
 - Surplus or deficit
 - Financial position
- Which of the following should not be recorded in the income and expenditure account?
 - Sale of old news papers
 - Loss on sale of asset
 - Honorarium paid to the secretary
 - Sale proceeds of furniture
- Subscription due but not received for the current year is
 - An asset
 - A liability
 - An expense
 - An item to be ignored
- Legacy is a
 - Revenue expenditure
 - Capital expenditure
 - Revenue receipt
 - Capital receipt
- Donations received for a specific purpose is
 - Revenue receipt
 - Capital receipt
 - Revenue expenditure
 - Capital expenditure

•• DHOSTH GUIDES ••

- 11) Incomplete records are generally maintained by
 (a) A company (b) Government
 (c) Small sized sole trader business (d) Multinational enterprises
- 12) Opening statement of affairs is usually prepared to find out the
 (a) Capital in the beginning of the year (b) Capital at the end of the year
 (c) Profit made during the year (d) Loss occurred during the year
- 13) Statement of affairs is a
 (a) Statement of income and expenditure (b) Statement of assets and liabilities
 (c) Summary of cash transactions (d) Summary of credit transactions
- 14) The excess of assets over liabilities is
 (a) Loss (b) Cash (c) Capital (d) Profit
- 15) Which of the following items relating to bills payable is transferred to total creditors account?
 (a) Opening balance of bills payable (b) Closing balance of bills payable
 (c) Bills payable accepted during the year (d) Cash paid for bills payable
- 16) Which one of the following statements is not true in relation to incomplete records?
 (a) It is an unscientific method of recording transactions
 (b) Records are maintained only for cash and personal accounts
 (c) It is suitable for all types of organisations
 (d) Tax authorities do not accept
- 17) What is the amount of capital of the proprietor, if his assets are ₹ 85,000 and liabilities are ₹ 21,000?
 (a) ₹ 85,000 (b) ₹ 1,06,000 (c) ₹ 21,000 (d) ₹ 64,000
- 18) 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
- 19) When capital in the beginning is ₹ 10,000, drawings during the year is ₹ 6,000, profit made during the year is ₹ 2,000 and the additional capital introduced is ₹ 3,000, find out the amount of capital at the end.
 (a) ₹ 9,000 (b) ₹ 11,000 (c) ₹ 21,000 (d) ₹ 3,000
- 20) Opening balance of debtors: ₹ 30,000, cash received: ₹ 1,00,000, credit sales: ₹ 90,000; closing balance of debtors is
 (a) ₹ 30,000 (b) ₹ 1,30,000 (c) ₹ 40,000 (d) ₹ 20,000

Part - II

ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY

(7 x 2 = 14)

21) What is a statement of affairs?

22) What is meant by incomplete records?

23) From the following particulars ascertain profit or loss

Particulars	₹
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

•• DHOSTH GUIDES ••

24) From the following details, calculate the capital as on 31st December 2018.

Particulars	₹
Capital as on 1st January, 2018	1,00,000
Goods withdrawn for personal use by the owner	30,000
Additional capital introduced during the year	15,000
Profit for the year	60,000

26) Find out credit sales from the following information:

Particulars	₹
Debtors on 1st January 2018	40,000
Cash received from debtors	1,00,000
Discount allowed	5,000
Sales returns	2,000
Debtors on 31st December 2018	60,000

27) From the following details, calculate the missing figure.

Particulars	₹
Closing capital as on 31.3.2019	190000
Additional capital introduced during the year	50000
Drawings during the year	30000
Opening capital on 1.4.2018 ?	?
Loss for the year ending 31.3.2019	40,000

28) From the following particulars ascertain profit or loss:

Particulars	₹
Capital at the beginning of the year (1st April, 2016)	2,00,000
Capital at the end of the year (31st March, 2017)	3,50,000
Additional capital introduced during the year	70,000
Drawings during the year	40,000

29) From the following particulars ascertain profit or loss:

Particulars	₹
Capital as on 1st April 2018	1,60,000
Capital as on 31st March, 2019	1,50,000
Additional capital introduced during the year	25,000
Drawings made during the year	30,000

30) What is balance sheet?

PART - III

ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY

(7 X 3 = 2)

31) Following are the balances of Shanthi as on 31st December 2018.

Particulars	₹
Bills receivable	6,000
Sundry creditors	25,000
Bills payable	4,000
Stock	45,000

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Particulars	₹
Machinery	60,000
Debtors	70,000
Furniture	10,000
Cash	4,000

Prepare a statement of affairs as on 31st December 2018 and calculate capital as at that date.

32) David does not keep proper books of accounts. Following details are given from his records

Particulars	1.04.2018	31.3.2019
Cash	43,000	29,000
Stock of goods	1,20,000	1,30,000
Sundry debtors	84,000	1,10,000
Sundry creditors	1,05,000	1,02,000
Loan	25,000	20,000
Business premises	2,50,000	2,50,000
Furniture	33,000	45,000

33) What are the preparation of final accounts from incomplete records?

34) What are the steps to be followed to prepare final accounts from incomplete records?

35) Write the format for debit account and bills receivable account?

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

Particulars	₹
Debtors on 1st April 2018	50,000
Cash received from debtors during the year	1,50,000
Returns inward	15,000
Bad debts	5,000
Debtors on 31st March 2019	70,000
Cash Sales	1,40,000

37) 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

38) Following are the balances in the books of Thomas as on 31st March 2019.

Particulars	Rs
Sundry creditors	6,00,000
Bills payable	1,20,000
Furniture	80,000

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Cash in hand	20,000
Land and building	3,00,000
Bills receivable	60,000
Sundry Debtors	3,20,000
Stock	2,20,000

Prepare a statement of affairs as on 31st March 2019 and calculate capital as at that date.

39) What is meant by fixed capital method?

40) Why is profit and loss appropriation account prepared?

PART - IV

ANSWER ALL THE QUESTIONS

(7 X 5 = 45)

41) A) Write the difference between double entry system and incomplete records?

(Or)

b) Differentiate between statement of affairs and balance sheet.

42) a) Ahmed does not keep proper books of accounts. Find the profit or loss made by him for the year ending 31st March, 2018.

Particulars	1.4.2018	31.3.2019
Bank balance	14,000 (Cr.)	18,000 (Dr.)
Cash in hand	800	1,500
Stock	12,000	16,000
Debtors	34,000	30,000
Plant	80,000	80,000
Furniture	40,000	40,000
Creditors	60,000	72,000

Ahmed had withdrawn 40,000 for his personal use. He had introduced 16,000 as capital for expansion of his business. A provision of 5% on debtors is to be made. Plant is to be depreciated at 10%.

(Or)

b) From the following details of Abdul who maintains incomplete records, prepare Trading and Profit and Loss account for the year ended 31st March, 2018 and a Balance Sheet as on the date.

Particulars	1.4.2017	31.3.2018
Stock	1,00,000	50,000
Sundry debtors	2,50,000	3,50,000
Cash	25,000	40,000
Furniture	10,000	10,000
Sundry creditors	1,50,000	1,75,000

Drawings 40,000

Cash received from debtors 5,35,000

Discount received 20,000

Sundry expenses 30,000

Discount allowed 25,000

Capital as on 1.4.2017 2,35,000

Cash paid to creditors 4,50,000

•• DHOSTH GUIDES ••

- 43) a) Pandian does not keep his books under double entry system. From the following information, prepare trading and profit and loss account and balance sheet as on 31-12-2018.

Particulars	1.1.2018	31.12.2018
Furniture	30,000	30,000
Cash in hand	10,000	17,000
Debtors	40,000	60,000
Stock	28,000	11,000
Bills receivable	12,000	35,100
Bank loan	25,000	25,000
Creditors	15,000	16,000

Cash sales 11,200

Credit sales 88,800

Cash purchases 4,250

Credit purchases 35,750

Carriage on purchases 3,000

Carriage on sales 700

Commission received 600

Interest on bank loan 2,500

Drawings 8,000

Additional capital 14,000

Salaries 8,900

Office rent 2,400

Adjustments:

Write off depreciation of 5% on furniture. Create a provision of 1% on debtors for doubtful debts.

(Or)

- b) Arun carries on hardware business and does not keep his books on double entry basis. The following particulars have been extracted from his books:.

Particulars	1.4.2018	31.3.2019
Land and building	2,40,000	2,40,000
Stock	1,20,000	1,70,000
Sundry debtors	40,000	51,500
Sundry creditors	50,000	45,000
Cash at bank	30,000	53,000

Other information for the year ending 31.12.2018 showed the following:

Wages 65,000

Carriage outwards 7,500

Sundry expense 28,000

Cash paid to creditors 6,00,000

Drawings 10,000

Total sales during the year were 7,70,000. Purchases returns during the year were 30,000 and sales returns were 25,000. Depreciate land and buildings by 5%. Provide 1,500 for doubtful debts. Prepare trading and profit and loss account for the year ending 31st December, 2018 and a balance sheet as on that date.

•• DHOSTH GUIDES ••

- 44) a) 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
Debtors	70,000	1,00,000
Stock	45,000	22,000
Bills receivable	20,000	38,000
Bank loan	45,000	45,000
Creditors	25,000	21,000

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.

(Or)

- b) From the following particulars of Poompohar Literary Association, prepare Receipts and Payments account for the year ended 31st March, 2019.

Particulars	Amount ₹	Particulars	Amount ₹
Opening cash balance as on 1.4.2018	5,000	Subscriptions received	20,000
Bank overdraft as on 1.4.2018	4,000	Repairs and renewals	2,500
Interest paid	3,250	Conveyance paid	2,750
Purchase of refreshments	1,500	Books purchased	10,000
Outstanding salary	2,000	Insurance premium paid	4,000
Endowment fund receipts	2,000	Sundry receipts	750
Lighting charges	1,300	Government grants received	6,000
Printing and stationery	1,500	Sale of refreshments	1,500
Sale of investments	1,000	Depreciation on buildings	2,000
Cash at bank on 31.03.2019	2,000		

- 45) a) On 1st April 2018 Subha started her business with a capital of 1,20,000. She did not maintain proper book of accounts. Following particulars are available from her books as on 31.3.2019.

Particulars	₹
Bank overdraft	50,000
Stock-in-trade	1,60,000

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Particulars	₹
Bank overdraft	50,000
Debtors	1,80,000
Creditors	90,000
Bills receivable	70,000
Bills payable	2,40,000
Computer	30,000
Cash in hand	60,000
Machinery	3,00,000

(Or)

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

Particulars	₹
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

- 47) a) How is the amount of credit sale ascertained from incomplete records?

(Or)

- b) What are the limitations of incomplete records?

MODEL PAPER - 3**PART - I****CHOOSE THE CORRECT ANSWER****20 X 1 = 20**

- Which of the following items relating to bills payable is transferred to total creditors account?
 - Opening balance of bills payable
 - Closing balance of bills payable
 - Bills payable accepted during the year
 - Cash paid for bills payable
- The amount of credit sales can be computed from
 - Total debtors account
 - Total creditors account
 - Bills receivable account
 - Bills payable account
- Which one of the following statements is not true in relation to incomplete records?
 - It is an unscientific method of recording transactions
 - Records are maintained only for cash and personal accounts
 - It is suitable for all types of organisations
 - Tax authorities do not accept
- What is the amount of capital of the proprietor; if his assets are 85,000 and liabilities are 21,000?
 - 85,000
 - 1, 06,000
 - 21,000
 - 64,000

•• DHOSTH GUIDES ••

- 5) When capital in the beginning is 10,000, drawings during the year is 6,000, profit made during the year is 2,000 and the additional capital introduced is 3,000, find out the amount of capital at the end.
 (a) 9,000 (b) 11,000 (c) 21,000 (d) 3,000
- 6) 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
- 7) Income and expenditure account is a
 (a) Nominal A/c (b) Real A/c
 (c) Personal A/c (d) Representative personal account
- 8) Income and Expenditure Account is prepared to find out
 (a) Profit or loss (b) Cash and bank balance (c) Surplus or deficit (d) Financial position
- 9) Which of the following should not be recorded in the income and expenditure account?
 (a) Sale of old news papers (b) Loss on sale of asset
 (c) Honorarium paid to the secretary (d) Sale proceeds of furniture
- 10) Subscription due but not received for the current year is
 (a) An asset (b) A liability (c) An expense (d) An item to be ignored
- 11) Legacy is a
 (a) Revenue expenditure (b) Capital expenditure
 (c) Revenue receipt (d) Capital receipt
- 12) 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
- 13) When a partner withdraws regularly a fixed sum of money at the middle of every month, period for which interest is to be calculated on the drawings on an average is
 (a) 5.5 months (b) 6 months (c) 12 months (d) 6.5 months
- 14) Which of the following is the incorrect pair?
 (a) Interest on drawings – Debited to capital account
 (b) Interest on capital – Credited to capital account
 (c) Interest on loan – Debited to capital account
 (d) Share of profit – Credited to capital account
- 15) In the absence of an agreement, partners are entitled to.....
 (a) Salary (b) Commission (c) Interest on loan (d) Interest on capital
- 16) Pick the odd one out.....
 (a) Partners share profits and losses equally
 (b) Interest on partners' capital is allowed at 7% per annum
 (c) No salary or remuneration is allowed
 (d) Interest on loan from partners is allowed at 6% per annum.
- 17) Profit after interest on drawings, interest on capital and remuneration is 10,500. Geetha, a partner, is entitled to receive commission @ 5% on profits after charging such commission. Find out commission.....
 (a) 50 (b) 150 (c) 550 (d) 500
- 18) Which of the following statements is true?
 (a) Goodwill is an intangible asset (b) Goodwill is a current asset
 (c) Goodwill is a fictitious asset (d) Goodwill cannot be acquired

•• DHOSTH GUIDES ••

- 19) Super profit is the difference between
- (a) Capital employed and average profit (b) Assets and liabilities
(c) Average profit and normal profit (d) Current year's profit & average profit
- 20) The average rate of return of similar concerns is considered as
- (a) Average profit (b) Normal rate of return
(c) Expected rate of return (d) None of these

PART - II**ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY****7 X 2 = 14****21) What is legacy?****22) From the following details, calculate the missing figure.**

Particulars	₹
Closing capital as on 31.3.2019	1,90,000
Additional capital introduced during the year	50,000
Drawings during the year	30,000
Opening capital on 1.4.2018	?
Loss for the year ending 31.3.2019	40,000

23) From the following details, calculate the missing figure:

Particulars	₹
Capital as on 1st April, 2017	2,50,000
Capital as on 31st March, 2018	2,75,000
Additional capital introduced during the year	30,000
Profit for the year	15,000
Drawings during the year	?

24) How will the following appear in the final accounts of a club for the year 2017 -2018?

Particulars	₹
Prize fund on 1.4.2017	60,000
Prize fund investment on 1.4.2017	60,000
Interest received on prize fund investment	6,000
Prizes distributed	8,000
Donation received for prize fund	12,000

25) How will the following items appear in the final accounts of a sports club?

Particulars	₹
Stock of sports materials (01.04.2018)	3,000
Sports materials purchased during current year	9,000
Sale of old sport materials during current year	500
Stock of sports materials (31.03.2019)	4,000

26) What is super profit?**27) Give four examples for revenue receipts of not-for-profit organisation.**

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28) From the following details calculate the amount that will be shown as subscription in Income and Expenditure Account for the year ending 31st March, 2017

Particulars	Amount ₹
Subscription received for	
2015-16 7,500	
2016-17 60,000	
2017-18 1,500	
	69000

Subscription outstanding for the year 2016-17 is 2,400. Subscription for 2016-17 received in 2015-16 was 1,000.

29) What is a partnership deed?

30) Give four examples for capital receipts of not-for-profit organisation.

PART - III

ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY

7 X 3 = 21

31) How will the following items appear in the final accounts of a club for the year ending 31st March 2017? A club received subscription of 25,000 during the year 2016-17. This includes subscription of 2,000 for 2015-16 and 1,500 for the year 2017-18. Subscription of 500 is still outstanding for the year 2016-17.

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 16,000 which includes 3,000 for 2017 and 5,000 for 2019. Subscription outstanding for the year 2018 is 4,000. Subscription of 2,000 was received in advance for 2018 in the year 2017.

33) From the information given below, prepare Receipts and Payments account of Kurunji Sports Club for the year ended 31st December, 2018.

Cash in hand (1.1.2018)	4,000
Paid for printing charges	2,500
Salaries paid	3,000
Lockers rent received	1,000
Life membership fees received	10,000
Tournament receipts	14,000
Subscription received	15,000
Tournament expenses	10,500
Rent received	2,000
Investments purchased	25,000

34) How will the following items appear in the final accounts of a club for the year ending 31st March 2017? Received subscription of 40,000 during the year 2016-17. This includes subscription of ₹ 5,000 for 2015-16 and 3,000 for the year 2017-18. Subscription of 1,000 is still outstanding for the year 2016-17.

35) How the following items appear in the final accounts of Thoothukudi Young Pioneers Association? There are one hundred members in the association each paying 25 as annual subscription. By the end of the year 10 members had not paid their subscription but four members had paid for the next year in advance.

36) How will the following appear in the final accounts of Vedaranyam Sports club?

Opening stock of bats and balls	3,000
Purchase of bats and balls during the year	17,000
Sale of old bats and balls	2,000
Closing stock of bats and balls	4,000

37) Chennai tennis club had Match fund showing credit balance of 24,000 on 1st April, 2018. Receipt to the fund during the year was 26,000. Match expenses incurred during the year was

•• DHOSTH GUIDES ••

- 33,000. How these items will appear in the final accounts of the club for the year ended 31st March, 2019?
- 38) Show how the following items appear in the income and expenditure account of Sirkazhi Singers Association?
- | | |
|----------------------------------------|-------|
| Stock of stationery on 1.4.2018 | 2,600 |
| Purchase of stationery during the year | 6,500 |
| Stock of stationery on 31.3.2018 | 2,200 |
- 39) How the following items are dealt with in the final accounts of not-for-profit organisation?
a) Sale of sports materials b) Life membership fees c) Tournament fund
- 40) Write a short note on life membership fees.

PART - IV**ANSWER ALL THE QUESTIONS****7 X 5 = 35**

- 41) a) **Difference between receipt and payment account and income and expenditure account?**

(Or)

- b) **Difference between statement of affairs and balance sheet?**

- 42) a) **From the following particulars of Chennai Sports Club, prepare Receipts and Payments account for the year ended 31st March, 2018.**

Particulars	Amount ₹	Particulars	Amount ₹	Amount ₹
Opening cash balance as on 1.4.2017	10,000			
Opening bank balance as on 1.4.2017	15,000			
Interest paid	5,000			
Telephone expenses	7000	Subscriptions received 2016 - 2017		
		2017 - 2018	4500	
		2018 - 2019	65000	
			5000	74000
Upkeep of grounds	22500	Tournament expenses		12500
Life membership fees received	5500	Tournament fund receipts		15000
Bats and balls purchased	13000	Closing balance of cash (31.3.2018)		5000

(Or)

- b) **From the following Receipts and Payment Account of Trichy Recreation Club, prepare Income and Expenditure Account for the year ended 31.03.2018.**

Receipts	Amount ₹	Payments	Amount ₹
To Opening balance		By Furniture purchased	10,000
Cash in hand	11,000	By Rent	2,800
To dividend received	27,600	By Secretary's honorarium	15,000
To Sale of old newspapers	3,000	By postage	1,700
To Member's Subscription	31,000	By General expenses	4,350
To locker rent	8,000	By Printing and stationery	45,000
To interest on investments	1,250	By Audit fee	5,000

•• DHOSTH GUIDES ••

Receipts	Amount ₹	Payments	Amount ₹
To Sale of furniture (Book value ₹4,400)	5,000	By Closing balance Cash in hand	3,000
	86,850		86,850

43) a) From the information given below, prepare Receipts and Payments account of Madurai Mother Theresa Mahalir Mandram for the year ended 31st December, 2018.

Cash balance as on 1.1.2018	2,000
Fire Insurance premium paid	1,500
Bank balance as on 1.1.2018	3,000
Subscription received	8,500
Sale of old newspapers	500
Furniture purchased	6,000
Stationery purchased	6,000
Purchase of newspapers	700
Audit fees paid	2,000
Depreciation on furniture	900
Entrance fees received	3,000
Cash balance as on 31.12.2018,	500
Sundry charges	6,000
Conveyance paid	1,000
Scholarships given	2,000
Sale of furniture	4,000
Interest on investments	2,000

(Or)

b) From the following information, prepare Receipts and Payments account of Cuddalore Kabaddi Association for the year ended 31st March, 2019.

Opening cash balance (1.4.2018)	11,000
Interest and bank charges	250
Bank overdraft balance (1.4.2018)	20,000
Miscellaneous income	350
Stationery purchased	5,200
Upkeep of ground	550
Travelling expenses	1,800
Grant from Government	12,000
Dividend received	3,000
Telephone charges paid	2,800
General expenses	500
Endowment fund receipts	10,000
Admission fees	4,000
Insurance premium paid	2,000
Courier charges	2,000
Electricity charges paid	5,000
Municipal taxes paid	3,000
Closing cash balance (31.03.2019)	1,750

•• DHOSTH GUIDES ••

44) a) A, B, C and D are partners in a firm. There is no partnership deed. How will you deal with the following?

- (i) A has contributed maximum capital. He demands interest on capital at 12% per annum.
- (ii) B has withdrawn 1,000 per month. Other partners ask B to pay interest on drawings @ 10% per annum to the firm. But, B does not agree to it.
- (iii) Loan advanced by C to the firm is ₹ 10,000. He demands interest on loan @ 9% per annum. A and B do not agree with this.
- (iv) D demands salary at the rate of ₹ 5,000 per month as he spends full time for the business. B and C do not agree with this.
- (v) A demands the profit to be shared in the capital ratio. But, B, C and D do not agree.

(Or)

b) Arun carries on hardware business and does not keep his books on double entry basis.

Particulars	1.4.2018	31.3.2019
Land and building	2,40,000	2,40,000
Stock	1,20,000	1,70,000
Sundry debtors	40,000	51,500
Sundry creditors	50,000	45,000
Cash at bank	30,000	53,000

The following particulars have been extracted from his books: Other information for the year ending 31.12.2018 showed the following:

Wages	65,000
Carriage outwards	7,500
Sundry expense	28,000
Cash paid to creditors	6,00,000
Drawings	10,000

Total sales during the year were 7,70,000. Purchases returns during the year were 30,000 and sales returns were 25,000. Depreciate land and buildings by 5%. Provide 1,500 for doubtful debts. Prepare trading and profit and loss account for the year ending 31st December, 2018 and a balance sheet as on that date.

45) A) From the following particulars calculate total purchases.

Sundry creditors on 1st April, 2017	75000
Bills payable on 1st April, 2017	60000
Paid cash to creditors	370000
Paid for bills payable	100000
Purchases returns	15000
Cash purchases	320000
Creditors on 31st March, 2018	50000
Bills payable on 31st March, 2018	80000

(Or)

b) Explain the steps involved in preparing comparative statement.

46) a) State the features of partnership?

(Or)

•• DHOSTH GUIDES ••

b) From the following particulars calculate total purchases.

Sundry creditors on 1st January, 2018	30,000
Purchases returns	15,000
Bills payable on 1st January, 2018	25,000
Cash purchases	2,25,000
Paid cash to creditors	1,20,000
Creditors on 31st December, 2018	25,000
Paid for bills payable	30,000
Bills payable on 31st December, 2018	20,000

47) a) Compute capital fund of Karur Social Club as on 31.03.2018. Particulars as on 31.03.2018

Furniture	50,000
Buildings	40,000
Subscription outstanding for 2017-18	10,000
Subscription received in advance for 2018-19	5,000
Loan borrowed	10,000
Investments	20,000
Cash in hand	4,000
Cash at bank	6,000

(Or)

b) How will the following appear in the final accounts of Karaikudi sports club for the year ending 31st March, 2019?

Tournament fund on 1st April 2018	90,000
Tournament fund investment on 1st April 2018	90,000
Interest received on tournament fund investment	9,000
Donation to tournament fund	10,000
Tournament expenses	60,000

MODEL PAPER - 4

PART - I

CHOOSE THE CORRECT ANSWER

20 X 1 = 20

- Revaluation A/c is a.....
 - Real A/c
 - Nominal A/c
 - Personal A/c
 - Impersonal A/c
- On revaluation, the increase in the value of assets leads to
 - Gain
 - Loss
 - Expense
 - None of these
- The profit or loss on revaluation of assets and liabilities is transferred to the capital account of
 - The old partners
 - The new partner
 - All the partners
 - The Sacrificing partners
- If the old profit sharing ratio is more than the new profit sharing ratio of a partner, the difference is called
 - Capital ratio
 - Sacrificing ratio
 - Gaining ratio
 - None of these

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- 5) At the time of admission, the goodwill brought by the new partner may be credited to the capital accounts of
 - (a) all the partners
 - (b) the old partners
 - (c) the new partner
 - (d) the sacrificing partner
- 6) Receipts and payments account is a
 - (a) Nominal A/c
 - (b) Real A/c
 - (c) Personal A/c
 - (d) Representative personal account
- 7) Receipts and payments account records receipts and payments of
 - (a) Revenue nature only
 - (b) Capital nature only
 - (c) Both revenue and capital nature
 - (d) None of the above
- 8) 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
- 9) Income and expenditure account is a
 - (a) Nominal A/c
 - (b) Real A/c
 - (c) Personal A/c
 - (d) Representative personal account
- 10) Income and Expenditure Account is prepared to find out
 - (a) Profit or loss
 - (b) Cash and bank balance
 - (c) Surplus or deficit
 - (d) Financial position
- 11) Which of the following should not be recorded in the income and expenditure account?
 - (a) Sale of old news papers
 - (b) Loss on sale of asset
 - (c) Honorarium paid to the secretary
 - (d) Sale proceeds of furniture
- 12) When the average profit is 25,000 and the normal profit is 15,000, super profit is
 - (a) 25,000
 - (b) 5,000
 - (c) 10,000
 - (d) 15,000
- 13) Book profit of 2017 is 35,000; non-recurring income included in the profit is 1,000 and abnormal loss charged in the year 2017 was 2,000, then the adjusted profit is
 - (a) 36,000
 - (b) 35,000
 - (c) 38,000
 - (d) 34,000
- 14) The total capitalised value of a business is 1,00,000; assets are 1,50,000 and liabilities are 80,000. The value of goodwill as per the capitalisation method will be
 - (a) 40,000
 - (b) 70,000
 - (c) 1,00,000
 - (d) 30,000
- 15) 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
- 16) 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
- 17) As per the Indian Partnership Act, 1932, the rate of interest allowed on loans advanced by partners is
 - (a) 8% per annum
 - (b) 12% per annum
 - (c) 5% per annum
 - (d) 6% per annum
- 18) Which of the following is shown in Profit and loss appropriation account?
 - (a) Office expenses
 - (b) Salary of staff
 - (c) Partners' salary
 - (d) Interest on bank loan
- 19) 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
- 20) Which of the following statements is not true in relation to admission of a partner
 - (a) Generally mutual rights of the partners change
 - (b) The profits and losses of the previous years are distributed to the old partners
 - (c) The firm is reconstituted under a new agreement
 - (d) The existing agreement does not come to an end

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PART II

ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY**7 X 2 = 14**

- 21) What is receipts and payments account?
- 22) Give four examples for capital receipts of not-for-profit organisation.
- 23) What is meant by fixed capital method?
- 24) Velan is a partner who withdrew 20,000 on 1st April 2018. Interest on drawings is charged at 10% per annum. Calculate interest on drawings on 31st December 2018 and pass journal entries by assuming fluctuating capital method.
- 25) Rajan is a partner who withdrew 30,000 during the year 2018. Interest on drawings is charged at 10% per annum. Calculate interest on drawings on 31st December, 2018.
- 26) Priya and Kavitha are partners. Priya draws 4,000 at the end of each quarter. Interest on drawings is chargeable at 6% p.a. Calculate interest on drawings for the year ending 31st December 2018 using average period.
- 27) Vennila and Eswari are partners. Vennila draws 5,000 at the beginning of each half year. Interest on drawings is chargeable at 4% p.a. Calculate interest on drawings for the year ending 31st December 2018 using average period.
- 28) Mathew is a partner who withdrew 20,000 during the year 2018. Interest on drawings is charged at 10% per annum. Calculate interest on drawings on 31st December 2018.
- 29) Ram and Shyam were partners. Ram withdrew 18,000 at the beginning of each half year. Interest on drawings is chargeable @ 10% p.a. Calculate interest on the drawings for the year ending 31st December 2018 using average period.
- 30) How will the following appear in the final accounts of Vedaranyam Sports club?

Opening stock of bats and balls	3,000
Purchase of bats and balls during the year	17,000
Sale of old bats and balls	2,000
Closing stock of bats and balls	4,000

PART - III

ANSWER ANY SEEN QUESTIONS Q NO 40 IS COMPULSORY**7 X 3 = 21**

- 31) 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 50,000 which includes 5,000 for 2017 and 7,000 for 2019. Subscription outstanding for the year 2018 is 6,000. Subscription of 4,000 was received in advance for 2018 in the year 2017.
- 32) Chennai tennis club had Match fund showing credit balance of 24,000 on 1st April, 2018. Receipt to the fund during the year was 26,000. Match expenses incurred during the year was 33,000. How these items will appear in the final accounts of the club for the year ended 31st March, 2019?
- 33) Show how the following items appear in the income and expenditure account of Sirkazhi Singers Association?

Stock of stationery on 1.4.2018	2,600
Purchase of stationery during the year	6,500
Stock of stationery on 31.3.2018	2,200
- 34) What is normal rate of return?
- 35) Compute income from subscription for the year 2018 from the following particulars relating to a club.

Particulars	1.1.2018	31.12.2018
Outstanding subscription	10,000	7,000
Subscription received in advance	3,000	5,000

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- 36) Santhosh is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 6% per annum. During the year ended 31st December, 2018 he withdrew as follows:
- | | |
|------------|--------|
| February 1 | 2,000 |
| May 1 | 10,000 |
| July 1 | 4,000 |
| October 1 | 6,000 |
- Calculate the amount of interest on drawings by using product method.
- 37) 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
 - in the middle of every month
 - at the end of every month
- 38) Kevin and Francis are partners. Kevin draws 5,000 at the end of each quarter. Interest on drawings is chargeable at 6% p.a. Calculate interest on drawings for the year ending 31st March 2019 using average period.
- 39) Ram and Shyam were partners. Ram withdrew 18,000 at the beginning of each half year. Interest on drawings is chargeable @ 10% p.a. Calculate interest on the drawings for the year ending 31st December 2018 using average period.
- 40) Santhosh is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 6% per annum. During the year ended 31st December, 2018 he withdrew as follows:
- | | |
|------------|--------|
| February 1 | 2,000 |
| May 1 | 10,000 |
| July 1 | 4,000 |
| October 1 | 6,000 |
- Calculate the amount of interest on drawings

PART - IV

ANSWER ALL THE QUESTIONS

7 X 5 = 35

- 41) A) Janani, Kamali and Lakshmi are partners in a firm sharing profits and losses equally. As per the terms of the partnership deed, Kamali is allowed a monthly salary of 10,000 and Lakshmi is allowed a commission of 40,000 per annum for their contribution to the business of the firm. You are required to pass the necessary journal entry. Assume that their capitals are fluctuating.
- (Or)
- B) Sibi and Manoj are partners in a firm. Sibi is to get a commission of 20% of net profit before charging any commission. Manoj is to get a commission of 20% on net profit after charging all commission. Net profit for the year ended 31st December 2018 before charging any commission was ₹ 60,000. Find the commission of Sibi and Manoj. Also show the distribution of profit.
- 42) A) Anand and Narayanan are partners in a firm sharing profits and losses in the ratio of 5:3. On 1st January 2018, their capitals were 50,000 and 30,000 respectively. The partnership deed specifies the following:
- Interest on capital is to be allowed at 6% per annum.
 - Interest on drawings charged to Anand and Narayanan are 1,000 and 800 respectively.
 - The net profit of the firm before considering interest on capital and interest on drawings amounted to 35,000.

Give necessary journal entries and prepare profit and loss appropriation account as on 31st December 2018. Assume that the capitals are fluctuating

(Or)

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- B) Dinesh and Sugumar entered into a partnership agreement on 1st January 2018, Dinesh contributing 1,50,000 and Sugumar 1,20,000 as capital. The agreement provided that:
- Profits and losses to be shared in the ratio 2:1 as between Dinesh and Sugumar.
 - Partners to be entitled to interest on capital @ 4% p.a.
 - Interest on drawings to be charged Dinesh: 3,600 and Sugumar: 2,200
 - Dinesh to receive a salary of 60,000 for the year, and
 - Sugumar to receive a commission of 80,000
- During the year ended on 31st December 2018, the firm made a profit of 2,20,000 before adjustment of interest, salary and commission. Prepare the Profit and loss appropriation account
- 43) A) Antony and Ranjith started a business on 1st April 2018 with capitals of 4,00,000 and 3,00,000 respectively. According to the Partnership Deed, Antony is to get salary of 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 3,65,000. Prepare profit and loss appropriation account. The firm closes its accounts on 31st March every year.
- (Or)
- B) Ahamad and Basheer contribute 60,000 and 40,000 respectively as capital. Their respective share of profit is 2:1 and the profit before interest on capital for the year is 5,000. Compute the amount of interest on capital in each of the following situations:
- if the partnership deed is silent as to the interest on capital
 - if interest on capital @ 4% is allowed as per the partnership deed
 - if the partnership deed allows interest on capital @ 6% per annum.
- 44) A) Akash, Bala, Chandru and Daniel are partners in a firm. There is no partnership deed. How will you deal with the following?
- Akash has contributed maximum capital. He demands interest on capital at 10% per annum.
 - Bala has withdrawn ₹ 3,000 per month. Other partners ask Bala to pay interest on drawings @ 8% per annum to the firm. But, Bala did not agree to it.
 - Akash demands the profit to be shared in the capital ratio. But, others do not agree.
 - Daniel demands salary at the rate of ₹ 10,000 per month as he spends full time for the business.
 - Loan advanced by Chandru to the firm is ₹ 50,000. He demands interest on loan @ 12% per annum.
- (Or)
- B) Richard and Rizwan started a business on 1st January 2018 with capitals of 3,00,000 and 2,00,000 respectively. According to the Partnership Deed
- Interest on capital is to be provided @ 6% p.a.
 - Rizwan is to get salary of 50,000 per annum.
 - Richard is to get 10% commission on profit (after interest on capital and salary to Rizwan) after charging such commission.
 - Profit-sharing ratio between the two partners is 3:2. During the year, the firm earned a profit of 3,00,000.
- Prepare profit and loss appropriation account. The firm closes its accounts on 31st December every year.
- 45) A) Durai and Velan entered into a partnership agreement on 1st April 2018, Durai contributing 25,000 and Velan 30,000 as capital. The agreement provided that:
- Profits and losses to be shared in the ratio 2:3 as between Durai and Velan.
 - Partners to be entitled to interest on capital @ 5% p.a.

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- (c) Interest on drawings to be charged Durai: 300 Velan: 450
 (d) Durai to receive a salary of 5,000 for the year, and
 (e) Velan to receive a commission of 2,000

During the year, the firm made a profit of 20,000 before adjustment of interest, salary and commission. Prepare the Profit and loss appropriation account.

(Or)

- B) Arulappan and Nallasamy are partners in a firm sharing profits and losses in the ratio of 4:1. On 1st January 2018, their capitals were 20,000 and 10,000 respectively. The partnership deed specifies the following:

- (a) Interest on capital is to be allowed at 5% per annum.
 (b) Interest on drawings charged to Arulappan and Nallasamy are ₹ 200 and ₹ 300 respectively.
 (c) The net profit of the firm before considering interest on capital and interest on drawings amounted to 18,000.

Give necessary journal entries and prepare Profit and loss appropriation account for the year ending 31st December 2018. Assume that the capitals are fluctuating.

- 46) A) Syed, Samuel and Sudhakar are partners in a firm sharing profits and losses equally. As per the terms of the partnership deed, Samuel is allowed a monthly salary of 2,000 and Sudhakar is allowed a commission of 6,000 per annum for their contribution to the business of the firm. You are required to pass the necessary journal entry. Assume that their capitals are fluctuating.

(Or)

- B) 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 1,10,000. Find the amount of commission due to Murali and Sethu.
- 47) A) State the factors determining goodwill.

(Or)

- B) State the differences between fixed capital method and fluctuating capital method.

MODEL PAPER - 5

Part - I

CHOOSE THE CORRECT ANSWER

20 X 1 = 20

- Opening statement of affairs is usually prepared to find out the
 (a) Capital in the beginning of the year (b) Capital at the end of the year
 (c) Profit made during the year (d) Loss occurred during the year
- The excess of assets over liabilities is
 (a) Loss (b) Cash (c) Capital (d) Profit
- Which of the following items relating to bills payable is transferred to total creditors account?
 (a) Opening balance of bills payable (b) Closing balance of bills payable
 (c) Bills payable accepted during the year (d) Cash paid for bills payable
- 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
- Which one of the following statements is not true in relation to incomplete records?
 (a) It is an unscientific method of recording transactions
 (b) Records are maintained only for cash and personal accounts
 (c) It is suitable for all types of organisations
 (d) Tax authorities do not accept

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- 6) Income and expenditure account is a
 - (a) Nominal A/c
 - (b) Real A/c
 - (c) Personal A/c
 - (d) Representative personal account
- 7) Income and Expenditure Account is prepared to find out
 - (a) Profit or loss
 - (b) Cash and bank balance
 - (c) Surplus or deficit
 - (d) Financial position
- 8) Which of the following should not be recorded in the income and expenditure account?
 - (a) Sale of old news papers
 - (b) Loss on sale of asset
 - (c) Honorarium paid to the secretary
 - (d) Sale proceeds of furniture
- 9) Subscription due but not received for the current year is
 - (a) An asset
 - (b) A liability
 - (c) An expense
 - (d) An item to be ignored
- 10) Legacy is a
 - (a) Revenue expenditure
 - (b) Capital expenditure
 - (c) Revenue receipt
 - (d) Capital receipt
- 11) Donations received for a specific purpose is
 - (a) Revenue receipt
 - (b) Capital receipt
 - (c) Revenue expenditure
 - (d) Capital expenditure
- 12) There are 500 members in a club each paying 100 as annual subscription. Subscription due but not received for the current year is 200; Subscription received in advance is 300. Find out the amount of subscription to be shown in the income and expenditure account.....
 - a) 50,000
 - b) 50,200
 - c) 49,900
 - d) 49,800
- 13) As per the Indian Partnership Act, 1932, the rate of interest allowed on loans advanced by partners is.....
 - (a) 8% per annum
 - (b) 12% per annum
 - (c) 5% per annum
 - (d) 6% per annum
- 14) Which of the following is shown in Profit and loss appropriation account?
 - (a) Office expenses
 - (b) Salary of staff
 - (c) Partners' salary
 - (d) Interest on bank loan
- 15) 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
- 16) When a partner withdraws regularly a fixed sum of money at the middle of every month, period for which interest is to be calculated on the drawings on an average is.....
 - (a) 5.5 moths
 - (b) 6 months
 - (c) 12 months
 - (d) 6.5 months
- 17) Which of the following is the incorrect pair?
 - (a) Interest on drawings – Debited to capital account
 - (b) Interest on capital – Credited to capital account
 - (c) Interest on loan – Debited to capital account
 - (d) Share of profit – Credited to capital account
- 18) Select the odd one out
 - (a) Revaluation profit
 - (b) Accumulated loss
 - (c) Goodwill brought by new partner
 - (d) Investment fluctuation fund
- 19) 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
- 20) Balaji and Kamalesh are partners sharing profits and losses in the ratio of 2:1. They admit Yogesh into partnership. The new profit sharing ratio between Balaji, Kamalesh and Yogesh is agreed to 3:1:1. Find the sacrificing ratio between Balaji and Kamalesh.
 - (a) 1:3
 - (b) 3:1
 - (c) 2:1
 - (d) 1:2

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Part - II

ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY**7 X 2 = 14**

- 21) What is goodwill?
- 22) What is super profit?
- 23) State any two circumstances under which goodwill of a partnership firm is valued.
- 24) What is acquired goodwill?
- 25) From the following particulars ascertain profit or loss:
- | | |
|--------------------------------------------------------|----------|
| Capital at the beginning of the year (1st April, 2016) | 2,00,000 |
| Capital at the end of the year (31st March, 2017) | 3,50,000 |
| Additional capital introduced during the year | 70,000 |
| Drawings during the year | 40,000 |
- 26) From the following details, calculate credit purchases.
- | | |
|-------------------------------|----------|
| Creditors on 1st April, 2018 | 50,000 |
| Returns outward | 6,000 |
| Cash paid to creditors | 1,60,000 |
| Creditors on 31st March, 2019 | 70,000 |
- 27) How will the following items appear in the final accounts of a club for the year ending 31st March 2017? A club received subscription of 25,000 during the year 2016-17. This includes subscription of 2,000 for 2015-16 and 1,500 for the year 2017-18. Subscription of 500 is still outstanding for the year 2016-17.
- 28) Chennai tennis club had Match fund showing credit balance of 24,000 on 1st April, 2018. Receipt to the fund during the year was 26,000. Match expenses incurred during the year was 33,000. How these items will appear in the final accounts of the club for the year ended 31st March, 2019?
- 29) How the following items appear in the final accounts of Thoothukudi Young Pioneers Association? There are one hundred members in the association each paying 25 as annual subscription. By the end of the year 10 members had not paid their subscription but four members had paid for the next year in advance.
- 30) Show how the following items appear in the income and expenditure account of Sirkazhi Singers Association?
- | | |
|----------------------------------------|-------|
| Stock of stationery on 1.4.2018 | 2,600 |
| Purchase of stationery during the year | 6,500 |
| Stock of stationery on 31.3.2018 | 2,200 |

Part - III**ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY 7X3=21**

- 31) State the accounts generally maintained by small sized sole trader when double entry accounting system is not followed.
- 32) State the differences between double entry system and incomplete records.(ANY THREE)
- 33) Why is Profit and loss appropriation account prepared?
- 34) How is goodwill calculated under the super profits method?
- 35) Write a short note on (a) Authorised capital (b) Reserve capital?
- 36) Find out credit sales from the following information:
- | | |
|-------------------------------|----------|
| Debtors on 1st January 2018 | 40,000 |
| Cash received from debtors | 1,00,000 |
| Discount allowed | 5,000 |
| Sales returns | 2,000 |
| Debtors on 31st December 2018 | 60,000 |

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- 37) Mannan and Ramesh share profits and losses in the ratio of 3:1. The capital on 1st April 2017 was 80,000 for Mannan and 60,000 for Ramesh and their current accounts show a credit balance of 10,000 and 5,000 respectively. Calculate interest on capital at 5% p.a. for the year ending 31st March 2018 and show the journal entries.
- 38) A partnership firm has decided to value its goodwill for the purpose of settling a retiring partner. The profits of that firm for the last four years were as follows:
2015: 40,000; 2016: 50,000; 2017: 48,000 2018: 46,000
The business was looked after by a partner. No remuneration was paid to him. The fair remuneration of the partner valued at comes to ₹ 6,000 per annum. Find out the value of goodwill, if it is valued on the basis of three years purchase of the average profits of the last four years.
- 39) The following particulars are available in respect of a business carried on by a partnership firm:
(a) Profits earned: 2016: 30,000; 2017: 29,000 2018: 32,000.
(b) Profit of 2016 includes a non-recurring income of 3,000.
(c) Profit of 2017 is reduced by 2,000 due to stock destroyed by fire.
(d) The stock is not insured. But, it is decided to insure the stock in future. The insurance premium is estimated at 5,600 per annum.
You are required to calculate the value of goodwill on the basis of 2 years purchase of average profits of the last three years.
- 40) From the following information, calculate the value of goodwill based on 3 years purchase of super profit
(i) Capital employed: 2,00,000
(ii) Normal rate of return: 15%
(ii) Average profit of the business: 42,000

Part - IV

ANSWER ALL THE QUESTIONS

7 X 5 = 35

- 41) A) From the following information, find out the value of goodwill by capitalisation method:
(a) Average profit = 60,000
(b) Normal rate of return = 10%
(c) Capital employed = 4,50,000
(Or)
- B) From the following information, compute the value of goodwill by capitalising super profit:
(a) Capital employed is 4,00,000
(b) Normal rate of return is 10%
(c) Profit for 2016: 62,000; 2017: 61,000; 2018: 63,000
- 42) A) From the following information, compute the value of goodwill as per annuity method:
(a) Capital employed: 50,000
(b) Normal rate of return: 10%
(c) Profits of the years 2016, 2017 and 2018 were 13,000, 15,000 and 17,000 respectively.
(d) The present value of annuity of Rs. 1 for 3 years at 10% is 2. 4868.
(Or)
- B) Calculate the value of goodwill at 5 years purchase of super profit from the following information:
(a) Capital employed: 1,20,000
(b) Normal rate of profit: 20%

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- (c) Net profit for 5 years:
2014: 30,000; 2015: 32,000; 2016: 35,000; 2017: 37,000; 2018: 40,000
- (d) Fair remuneration to the partners 2,800 per annum.

43) A) From the following information relating to Arul enterprises, calculate the value of goodwill on the basis of 2 years purchase of the average profits of 3 years.

- (a) Profits for the years ending 31st December 2016, 2017 and 2018 were 46,000, 44,000 and 50,000 respectively.
- (b) A non-recurring income of 5,000 is included in the profits of the year 2016.
- (c) The closing stock of the year 2017 was overvalued by 10,000

(Or)

B) From the following information relating to a partnership firm, find out the value of its goodwill based on 3 years purchase of average profits of the last 4 years:

- (a) Profits of the years 2015, 2016, 2017 and 2018 are 10,000, 12,500, 12,000 and 11,500 respectively.
- (b) The business was looked after by a partner and his fair remuneration amounts to 1,500 per year. This amount was not considered in the calculation of the above profits.

44) A) From the following information relating to Sridevi enterprises, calculate the value of goodwill on the basis of 4 years purchase of the average profits of 3 years.

- (a) Profits for the years ending 31st December 2016, 2017 and 2018 were 1,75,000, 1,50,000, 2,00,000 respectively.
- (b) A non-recurring income of ₹ 45,000 is included in the profits of the year 2016.
- (c) The closing stock of the year 2017 was overvalued by 30,000.

(Or)

B) The following particulars are available in respect of the business carried on by a partnership firm:

- (i) Profits earned: 2016: 25,000; 2017: ₹ 23,000 and 2018: 26,000.
- (ii) Profit of 2016 includes a non-recurring income of 2,500.
- (iii) Profit of 2017 is reduced by 3,500 due to stock destroyed by fire.
- (iv) The stock was not insured. But, it is decided to insure the stock in future. The insurance premium is estimated to be 250 per annum. You are required to calculate the value of goodwill of the firm on the basis of 2 years purchase of average profits of the last three years.

45) A) From the following details, calculate the value of goodwill at 2 years purchase of super profit:

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

(Or)

B) partnership firm earned net profits during the last three years as follows:

2016 : 20,000; 2017 : 17,000 2018 : 23,000

The capital investment of the firm throughout the above mentioned period has been ₹ 80,000. Having regard to the risk involved, 15% is considered to be a fair return on capital employed in the business. Calculate the value of goodwill on the basis of 2 years purchase of super profit.

46) A) From the following information, calculate the value of goodwill under annuity method:

- (i) Average profit 14,000
- (ii) Normal Profit 4,000
- (iii) Normal rate of return 15%

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(iv) Years of purchase of goodwill 5

Present value of Rs.1 for 5 years at 15% per annum as per the annuity table is 3.352.

(Or)

B) Give the format for bills receivable ,bills payable,purchases account ,and sales account?

47) a) Find out the value of goodwill by capitalising super profits:

(a) Normal Rate of Return 10%

(b) Profits for the last four years are 30,000, 40,000, 50,000 and 45,000.

(c) A non-recurring income of ₹ 3,000 is included in the above mentioned profit of 30,000.

(d) Average capital employed is 3,00,000.

(Or)

b) From the following information, find out the value of goodwill by capitalisation method:

(i) Average profit 20,000

(ii) Normal rate of return 10%

(iii) Tangible assets of the firm 2,20,000

(iv) Liabilities of the firm 70,000

MODEL PAPER - 6

PART - I

CHOOSE THE CORRECT ANSWER

20 x 1 = 20

- 1) If the final amount due to a retiring partner is not paid immediately, it is transferred to
 (a) Bank A/c (b) Retiring partner's capital A/c
 (c) Retiring partner's loan A/c (d) Other partners' capital A/c
- 2) 'A' was a partner in a partnership firm. He died on 31st March 2019. The final amount due to him is 25,000 which is not paid immediately. It will be transferred to
 (a) A's capital account (b) A's current account
 (c) A's Executor account (d) A's Executor loan account
- 3) A, B and C are partners sharing profits in the ratio of 2:2:1. On retirement of B, goodwill of the firm was valued as 30,000. Find the contribution of A and C to compensate B:
 (a) 20,000 and 10,000 (b) 8,000 and 4,000
 (c) 10,000 and 20,000 (d) 15,000 and 15,000
- 4) A, B and C are partners sharing profits in the ratio of 4:2:3. C retires. The new profit sharing ratio between A and B will be
 (a) 4:3 (b) 3:4 (c) 2:1 (d) 1:2
- 5) 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 36,000
 (a) 1,000 (b) 3,000 (c) 12,000 (d) 36,000
- 6) A preference share is one
 (i) which carries preferential right with respect to payment of dividend fixed rate
 (ii) which carries preferential right with respect to repayment of capital on winding up
 (a) Only (i) is correct (b) Only (ii) is correct
 (c) Both (i) and (ii) are correct (d) Both (i) and (ii) are incorrect
- 7) That part of share capital which can be called up only on the winding up of a company is called
 (a) Authorised capital (b) Called up capital
 (c) Capital reserve (d) Reserve capital
- 8) 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

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- 9) After the forfeited shares are reissued, the balance in the forfeited shares account should be transferred to
- (a) General reserve account (b) Capital reserve account
(c) Securities premium account (d) Surplus account
- 10) The amount received over and above the par value is credited to
- (a) Securities premium account (b) Calls in advance account
(c) Share capital account (d) Forfeited shares account
- 11) The term 'fund' refers to
- a) Current liabilities b) Working capital c) Fixed assets d) Non-current assets
- 12) Which of the following statements is not true?
- a) All the limitations of financial statements are applicable to financial statement analysis also.
b) Financial statement analysis is only the means and not an end.
c) Expert knowledge is not required in analysing the financial statements.
d) Interpretation of the analysed data involves personal judgement.
- 13) A limited company's sales has increased from 1,25,000 to 1,50,000. How does this appear in comparative income statement?
- a) + 20 % b) + 120 % c) - 120 % d) - 20 %
- 14) In a common-size balance sheet, if the percentage of non-current assets is 75, what would be the percentage of current assets?
- a) 175 b) 125 c) 25 d) 100
- 15) Expenses for a business for the first year were 80,000. In the second year, it was increased to 88,000. What is the trend percentage in the second year?
- a) 10 % b) 110 % c) 90 % d) 11%
- 16) The mathematical expression that provides a measure of the relationship between two figures is called
- (a) Conclusion (b) Ratio (c) Model (d) Decision
- 17) Current ratio indicates
- (a) Ability to meet short term obligations (b) Efficiency of management
(c) Profitability (d) Long term solvency
- 18) Current assets excluding inventory and prepaid expenses is called
- (a) Reserves (b) Tangible assets (c) Funds (d) Quick assets
- 19) Debt equity ratio is a measure of
- (a) Short term solvency (b) Long term solvency (c) Profitability (d) Efficiency
- 20) 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)

PART - II

ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY

7 X 2 = 14

- 21) Define partnership
- 22) Why is Profit and loss appropriation account prepared?
- 23) What is normal rate of return?
- 24) What is sacrificing ratio?
- 25) Mani is a partner, who withdrew 30,000 on 1st September, 2018. Interest on drawings is charged at 6% per annum. Calculate interest on drawings on 31st December, 2018 and show the journal entries by assuming that fluctuating capital method is followed.
- 26) Mathew is a partner who withdrew 20,000 during the year 2018. Interest on drawings is charged at 10% per annum. Calculate interest on drawings on 31st December 2018.

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- 27) Compute average profit from the following information.
2016: 8,000; 2017: 10,000; 2018: 9,000
- 28) Anbu and Raju are partners, sharing profits in the ratio of 3:2. Akshai is admitted as a partner. The new profit sharing ratio among Anbu, Raju and Akshai is 5:3:2. Find out the sacrificing ratio.
- 29) Calculate the value of goodwill at 2 years purchase of average profit when average profit is 15,000.
- 30) State whether the following will be debited or credited in the revaluation account.
(i) Depreciation on assets (ii) Unrecorded liability

PART - III

ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY

7 X 3 = 21

- 31) Rajesh and Ramesh are partners sharing profits in the ratio 3:2. Raman is admitted as a new partner and the new profit sharing ratio is decided as 5:3:2. The following revaluations are made. Pass journal entries and prepare revaluation account.
(a) The value of building is increased by 15,000.
(b) The value of the machinery is decreased by 4,000.
(c) Provision for doubtful debt is made for 1,000.
- 32) Suresh and Dinesh are partners sharing profits in the ratio of 3:2. They admit Ramesh as a new partner. Suresh surrenders $\frac{1}{5}$ of his share in favour of Ramesh. Dinesh surrenders $\frac{2}{5}$ of his share in favour of Ramesh. Calculate the new profit sharing ratio and sacrificing ratio.
- 33) Ramesh and Raju are partners sharing profits in the ratio of 2:1. They admit Ranjan into partnership with $\frac{1}{4}$ share of profit. Ranjan acquired the share from old partners in the ratio of 3:2. Calculate the new profit sharing ratio and sacrificing ratio.
- 34) Prasanth and Nisha are partners sharing profits and losses in the ratio of 3:2. They admit Ramya as a new partner. Prasanth surrenders $\frac{2}{5}$ of his share and Nisha surrenders $\frac{2}{5}$ of her share in favour of Ramya. Calculate the new profit sharing ratio and sacrificing ratio.
- 35) Amudha and Bhuvana are partners who share profits and losses in the ratio of 5:3. Chithra joins the firm on 1st January, 2019 for $\frac{3}{8}$ share of profits and brings in cash for her share of goodwill of ₹ 8,000. Pass necessary journal entry for adjusting goodwill on the assumption that the fluctuating capital method is followed and the partners withdraw the entire amount of their share of goodwill.
- 36) Ashok and Mumtaj were partners in a firm sharing profits and losses in the ratio of 5:1. They have decided to admit Tharun into the firm for $\frac{2}{9}$ share of profits. The goodwill of the firm on the date of admission was valued at ₹ 27,000. Tharun is not able to bring in cash for his share of goodwill. Pass necessary journal entries for goodwill on the assumption that the fluctuating capital system is followed.
- 37) Aravind and Balaji are partners sharing profits and losses in 3:2 ratio. They admit Anirudh into partnership. The new profit sharing ratio is agreed at 1:1:1. Anirudh's share of goodwill is valued at ₹ 20,000 of which he pays ₹ 12,000 in cash. Pass necessary journal entries for goodwill on the assumption that the fluctuating capital method is followed.
- 38) Sathish and Sudhan are partners in a firm sharing profits and losses in the ratio of 4:3. On 1st April 2018, they admitted Sasi as a partner. On the date of Sasi's admission, goodwill appeared in the books of the firm at 35,000. By assuming fluctuating capital account, pass the necessary journal entry if the partners decide to
(i) write off the entire amount of existing goodwill
(ii) write off 21,000 of the existing goodwill.

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- 39) From the following information, find out the value of goodwill by capitalisation method:
- Average profit 20,000
 - Normal rate of return 10%
 - Tangible assets of the firm 2,20,000
 - Liabilities of the firm 70,000
- 40) From the following information relating to a partnership firm, find out the value of its goodwill based on 3 years purchase of average profits of the last 4 years:
- Profits of the years 2015, 2016, 2017 and 2018 are 10,000, 12,500, 12,000 and 11,500 respectively.
 - The business was looked after by a partner and his fair remuneration amounts to 1,500 per year. This amount was not considered in the calculation of the above profits.

PART - IV

ANSWER ALL THE QUESTIONS

7 X 5 = 35

- 41) A) Mala and Vimala were partners sharing profits and losses in the ratio of 3:2. On 31.3.2017, Varshini was admitted as a partner. On the date of admission, the book of the firm showed a reserve fund of ₹ 50,000. Pass the journal entry to distribute the reserve fund.
- (Or)
- B) Kavitha and Radha are partners of a firm sharing profits and losses in the ratio of 4:3. They admit Deepa on 1.1.2019. On that date, their balance sheet showed debit balance of profit and loss account being accumulated loss of ₹ 70,000 on the asset side of the balance sheet. Give the journal entry to transfer the accumulated loss on admission.
- 42) 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:
- Increase the value of stock by 5,000
 - Bring into record investment of 7,000 which had not been recorded in the books of the firm.
 - Reduce the value of office equipment by 10,000
 - A provision would also be made for outstanding wages for 9,500.
- Give journal entries and prepare revaluation account.
- (Or)
- B) Arul and Anitha are partners sharing profits and losses in the ratio of 4:3. On 31.3.2018, Ajay was admitted as a partner. On the date of admission, the book of the firm showed a general reserve of ₹ 42,000. Pass the journal entry to distribute the general reserve.
- 43) A) Anjali and Nithya are partners of a firm sharing profits and losses in the ratio of 5:3. They admit Pramila on 1.1.2018. On that date, their balance sheet showed accumulated loss of 40,000 on the asset side of the balance sheet. Give the journal entry to transfer the accumulated loss on admission.
- (Or)
- B) Hari, Madhavan and Kesavan are partners, sharing profits and losses in the ratio of 5:3:2. As from 1st April 2017, Vanmathi is admitted into the partnership and the new profit sharing ratio is decided as 4:3:2:1. The following adjustments are to be made.
- Increase the value of premises by 60,000.
 - Depreciate stock by ₹ 5,000, furniture by ₹ 2,000 and machinery by 2,500.
 - Provide for an outstanding liability of 500.
- Pass journal entries and prepare revaluation account.
- 44) A) Seenu and Siva are partners sharing profits and losses in the ratio of 5:3. In the view of Kowsalya admission, they decided
- To increase the value of building by 40,000.

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- (b) To bring into record investments at 10,000, which have not so far been brought into account.
- (c) To decrease the value of machinery by 14,000 and furniture by 12,000.
- (d) To write off sundry creditors by 16,000.

Pass journal entries and prepare revaluation account.

(Or)

- B) Deepak, Senthil and Santhosh are partners sharing profits and losses equally. They admit Jerald into partnership for 1/3 share in future profits. The goodwill of the firm is valued at 45,000 and Jerald brought cash for his share of goodwill. The existing partners withdraw half of the amount of their share of goodwill. Pass necessary journal entries for adjusting goodwill on the assumption that the fluctuating capital method is followed.
- 45) A) Aparna and Priya are partners who share profits and losses in the ratio of 3:2. Brindha joins the firm for 1/5 share of profits and brings in cash for her share of goodwill of 10,000. Pass necessary journal entry for adjusting goodwill on the assumption that the fluctuating capital method is followed and the partners withdraw the entire amount of their share of goodwill.
- B) Write the difference between forfeiture of shares and reissue of shares?
- 46) A) Richard and Rizwan started a business on 1st January 2018 with capitals of 3,00,000 and 2,00,000 respectively. According to the Partnership Deed
- (a) Interest on capital is to be provided @ 6% p.a.
- (b) Rizwan is to get salary of 50,000 per annum.
- (c) Richard is to get 10% commission on profit (after interest on capital and salary to Rizwan) after charging such commission.
- (d) Profit-sharing ratio between the two partners is 3:2. During the year, the firm earned a profit of 3,00,000.

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

(Or)

- B) Difference between fixed and fluctuating capital method?
- 47) a) Veena and Pearl are partners in a firm sharing profits and losses in the ratio of 2:1. Their balance sheet as on 31st March, 2018 is as follows:

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹
Capital accounts			Buildings	60000
Veena	60000		Machinery	30000
Pearl	40000	100000	Debtors	20000
General reserve		30000	Stock	10000
Workmen compensation fund		10000	Cash at bank	30000
Sundry creditors		10000		
		1,50,000		150000

Deri is admitted on 1.4.2018 subject to the following conditions:

- (a) The new profit sharing ratio among Veena, Pearl and Deri is 5:3:2.
- (b) Deri has to bring a capital of ₹ 30,000
- (c) Stock to be depreciated by 20%
- (d) Anticipated claim on workmen compensation fund is ₹ 1,000
- (e) Unrecorded investment of ₹ 11,000 has to be brought into books
- (f) The goodwill of the firm is valued at ₹ 30,000 and Deri brought cash for his share of goodwill. The existing partners withdraw the entire amount brought by Deri towards goodwill.

Prepare the necessary ledger accounts and balance sheet after admission.

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(Or)

- B) Vetri and Ranjit are partners, sharing profits in the ratio of 3:2. Their balance sheet as on 31st December 2017 is as under:

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹
Capital accounts			Furniture	25,000
Vetri	30,000		Stock	20,000
Ranjith	20,000	50,000	Debtors	10,000
Reserve fund		5,000	Cash in hand	35,000
Sundry creditors		45,000	Profit and loss a/c(loss)	10,000
		1,00,000		1,00,000

On 1.1.2018, they admit Suriya into their firm as a partner on the following arrangements.

- Suriya brings 10,000 as capital for 1/4 share of profit.
- Stock to be depreciated by 10%
- Debtors to be revalued at 7,500.
- Furniture to be revalued at 40,000.
- There is an outstanding wages of 4,500 not yet recorded.

Prepare revaluation account, partners' capital account and the balance sheet of the firm after admission

MODEL PAPER - 7**PART - I****CHOOSE THE CORRECT ANSWER****20 X 1 = 20**

- Proportion of share holder's funds to total assets is called
 - Proprietary ratio
 - Capital gearing ratio
 - Debt equity ratio
 - Current ratio
- Which one of the following is not correctly matched?
 - Liquid ratio – Proportion
 - Gross profit ratio – Percentage
 - Fixed assets turnover ratio – Percentage
 - Debt-equity ratio – Proportion
- Current liabilities 40,000; Current assets 1,00,000; Inventory 20,000. Quick ratio is
 - 1:1
 - 2.5:1
 - 2:1
 - 1:2
- Cost of revenue from operations 3,00,000; Inventory in the beginning of the year 60,000; Inventory at the close of the year 40,000. Inventory turnover ratio..
 - 2 times
 - 3 times
 - 6 times
 - 8 times
- Function key F11 is used for
 - Company Features
 - Accounting vouchers
 - Company Configuration
 - None of these
- Which submenu displays groups, ledgers and voucher types in Tally?
 - Inventory vouchers
 - Accounting vouchers
 - Company Info
 - Account Info
- What are the predefined Ledger(s) in Tally? (i) Cash (ii) Profit & Loss A/c (iii) Capital A/c
 - Only (i)
 - Only (ii)
 - Both (i) and (ii)
 - Both (ii) and (iii)
- Contra voucher is used for
 - Master entry
 - Withdrawal of cash from bank for office use
 - Reports
 - Credit purchase of assets
- Which is not the default group in Tally?
 - Suspense account
 - Outstanding expense
 - Sales account
 - Investments

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- 10) ₹ 25,000 withdrawn from bank for office use. In which voucher type, this transaction will be recorded
- (a) Contra Voucher (b) Receipt Voucher
(c) Payment Voucher (d) Sales Voucher
- 11) In which voucher type credit purchase of furniture is recorded in Tally
- (a) Receipt voucher (b) Journal voucher
(c) Purchase voucher (d) Payment voucher
- 12) Which of the following options is used to view Trial Balance from Gateway of Tally?
- (a) Gateway of Tally -> Reports -> Trial Balance
(b) Gateway of Tally -> Trial Balance
(c) Gateway of Tally -> Reports -> Display -> Trial Balance
(d) None of these
- 13) If a share of 10 on which 8 has been paid up is forfeited. Minimum reissue price is
- (a) 10 per share (b) 8 per share (c) 5 per share (d) 2 per share
- 14) Supreme Ltd. forfeited 100 shares of 10 each for non-payment of final call of 2 per share. All these shares were re-issued at 9 per share. What amount will be transferred to capital reserve account?
- (a) 700 (b) 800 (c) 900 (d) 1,000
- 15) A, B and C are partners sharing profits in the ratio of 2:2:1. On retirement of B, goodwill of the firm was valued as 30,000. Find the contribution of A and C to compensate B:
- (a) 20,000 and 10,000 (b) 8,000 and 4,000
(c) 10,000 and 20,000 (d) 15,000 and 15,000
- 16) A, B and C are partners sharing profits in the ratio of 4:2:3. C retires. The new profit sharing ratio between A and B will be
- (a) 4:3 (b) 3:4 (c) 2:1 (d) 1:
- 17) 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 36,000
- (a) 1,000 (b) 3,000 (c) 12,000 (d) 36,000
- 18) Select the odd one out.....
- (a) Revaluation profit (b) Accumulated loss
(c) Goodwill brought by new partner (d) Investment fluctuation fund
- 19) 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
- 20) Balaji and Kamalesh are partners sharing profits and losses in the ratio of 2:1. They admit Yogesh into partnership. The new profit sharing ratio between Balaji, Kamalesh and Yogesh is agreed to 3:1:1. Find the sacrificing ratio between Balaji and Kamalesh.
- (a) 1:3 (b) 3:1 (c) 2:1 (d) 1:2

PART - II

ANSWER ANY SEVEN QUESTION Q NO 30 IS COMPULSORY

7 X 2 = 14

- 21) Kiran, Vinoth and Vimal are partners sharing profits in the ratio of 5:3:2. Kiran retires and the new profit sharing ratio between Vinoth and Vimal is 2:1. Calculate the gaining ratio.
- 22) Rahul, Ravi and Rohit are partners sharing profits and losses in the ratio of 5:3:2. Rohit retires and the share is taken by Rahul and Ravi in the ratio of 3:2. Find out the new profit sharing ratio and gaining ratio.
- 23) Raja, Roja and Pooja are partners sharing profits in the ratio of 4:5:3. Roja retires from the firm. Calculate the new profit sharing ratio and gaining ratio.

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- 24) Arya, Benin and Charles are partners sharing profits and losses in the ratio of 3:3:2. Charles retires and his share is taken up by Arya. Calculate the new profit sharing ratio and gaining ratio of Arya and Benin.
- 25) Kayal, Mala and Neela are partners sharing profits in the ratio of 2:2:1. Kayal retires and the new profit sharing ratio between Nila and Neela is 3:2. Calculate the gaining ratio.
- 26) 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.
- 27) Navin, Ravi and Kumar are partners sharing profits in the ratio of $\frac{1}{2}$, $\frac{1}{4}$ and $\frac{1}{4}$ respectively. Kumar retires and his share is taken up by Navin and Ravi equally. Calculate the new profit sharing ratio and gaining ratio.
- 28) What is meant by retirement of a partner?
- 29) The credit revenue from operations of Velavan Ltd, amounted to 10,00,000. Its debtors and bills receivables at the end of the accounting period amounted to 1,10,000 and 1,40,000 respectively. Calculate trade receivables turnover ratio and also collection period in months.
- 30) What is a share?

PART - III

ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY

7 X 3 = 21

- 31) List out the adjustments made at the time of retirement of a partner in a partnership firm.
- 32) Write a short note on accounting treatment of goodwill.
- 33) Write a brief note on the applications of the provisions of the Indian Partnership Act, 1932 in the absence of partnership deed.
- 34) Anbu is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 12% p.a. During the year ended 31st December 2018 he drew as follows:

March 1	6,000
June 1	4,000
September 1	5,000
December 1	2,000

 Calculate the amount of interest on drawings by using product method.
- 35) Ramya, Sara and Thara are partners sharing profits and losses in the ratio of 5:3:2. On 1st April 2018, Thara retires and on retirement, the following adjustments are agreed upon:
 - (i) Increase the value of premises by 40,000.
 - (ii) Depreciate stock by ₹ 3,000 and machinery by 6,500.
 - (iii) Provide an outstanding liability of 500
 Pass journal entries and prepare revaluation account.
- 36) Calculate operating profit ratio under the following cases.

Case 1: Revenue from operations 8,00,000, Operating profit 2,00,000.

Case 2: Revenue from operations 20,00,000, Operating cost 14,00,000.

Case 3: Revenue from operations 10,00,000, Gross profit 25% on revenue from operations, Operating expenses 1,00,000
- 37) Naresh, Mani and Muthu are partners in a firm sharing profits and losses in the ratio of 2:2:1. On 31st March 2019, Muthu retires from the firm. On the date of Muthu's retirement, goodwill appeared in the books of the firm at 40,000. By assuming fluctuating capital method, pass the necessary journal entry if the partners decide to
 - (a) write off the entire amount of existing goodwill
 - (b) write off half of the amount of existing goodwill.

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- 38) Kavitha, Kumudha and Lalitha are partners sharing profits and losses in the ratio of 5:3:3 respectively. Kumudha retires from the firm on 31st December, 2018. On the date of retirement, her capital account shows a credit balance of 2,00,000. Pass journal entries if:
- The amount due is paid off immediately by cheque.
 - The amount due is not paid immediately.
 - ₹ 70,000 is paid immediately by cheque.
- 39) Justina, Navi and Rithika are partners sharing profits and losses equally. On 31.3.2019, Rithika retired from the partnership firm. Profits of the preceding years is as follows: 2016: 5,000; 2017: 10,000 and 2018: 30,000 Find out the share of profit of Ritika for the year 2019 till the date of retirement if
- Profit is to be distributed on the basis of the previous year's profit.
 - Profit is to be distributed on the basis of the average profit of the past 3 years Also pass necessary journal entries by assuming that partners' capitals are fluctuating.
- 40) Deepak, Senthil and Santhosh are partners sharing profits and losses equally. They admit Jerald into partnership for 1/3 share in future profits. The goodwill of the firm is valued at 45,000 and Jerald brought cash for his share of goodwill. The existing partners withdraw half of the amount of their share of goodwill. Pass necessary journal entries for adjusting goodwill on the assumption that the fluctuating capital method is followed.

PART - IV

ANSWER ALL THE QUESTIONS

7 X 5 = 35

- 41) a) Mala and Vimala were partners sharing profits and losses in the ratio of 3:2. On 31.3.2017, Varshini was admitted as a partner. On the date of admission, the book of the firm showed a reserve fund of ₹ 50,000. Pass the journal entry to distribute the reserve fund.
- (Or)
- b) Kavitha and Radha are partners of a firm sharing profits and losses in the ratio of 4:3. They admit Deepa on 1.1.2019. On that date, their balance sheet showed debit balance of profit and loss account being accumulated loss of ₹ 70,000 on the asset side of the balance sheet. Give the journal entry to transfer the accumulated loss on admission.
- 42) Arul and Anitha are partners sharing profits and losses in the ratio of 4:3. On 31.3.2018, Ajay was admitted as a partner. On the date of admission, the book of the firm showed a general reserve of ₹ 42,000. Pass the journal entry to distribute the general reserve.
- (Or)
- b) Anjali and Nithya are partners of a firm sharing profits and losses in the ratio of 5:3. They admit Pramila on 1.1.2018. On that date, their balance sheet showed accumulated loss of 40,000 on the asset side of the balance sheet. Give the journal entry to transfer the accumulated loss on admission.
- 43) a) Vivin, Hari and Joy are partners sharing profits and losses in the ratio of 3:2:1. On 31.3.2017, Hari retired. On the date of retirement, the books of the firm showed a general reserve of 60,000. Pass the journal entry to transfer the general reserve.
- (Or)
- b) Mary, Meena and Mariam are partners of a firm sharing profits and losses equally. Mary retired from the partnership on 1.1.2019. On that date, their balance sheet showed accumulated loss of 75,000 on the asset side of the balance sheet. Give the journal entry to distribute the accumulated loss.
- 44) a) Naresh, Mani and Muthu are partners in a firm sharing profits and losses in the ratio of 2:2:1. On 31st March 2019, Muthu retires from the firm. On the date of Muthu's retirement, goodwill appeared in the books of the firm at 40,000. By assuming fluctuating capital method, pass the necessary journal entry if the partners decide to
- write off the entire amount of existing goodwill
 - write off half of the amount of existing goodwill

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(Or)

- b) Dheena, Surya and Janaki are partners sharing profits and losses in the ratio of 5:3:2. On 31.3.2018, Dheena retired. On the date of retirement, the books of the firm showed a reserve fund of 50,000. Pass journal entry to transfer the reserve fund.
- 45) a) Rosi, Rathi and Rani are partners of a firm sharing profits and losses equally. Rathi retired from the partnership on 1.1.2018. On that date, their balance sheet showed accumulated loss of 45,000 on the asset side of the balance sheet. Give the journal entry to distribute the accumulated loss.

(Or)

- b) Balu, Chandru and Nirmal are partners in a firm sharing profits and losses in the ratio of 5:3:2. On 31st March 2018, Nirmal retires from the firm. On the date of Nirmal's retirement, goodwill appeared in the books of the firm at 60,000. By assuming fluctuating capital account, pass the necessary journal entry if the partners decide to
- (a) write off the entire amount of existing goodwill
(b) write off half of the existing goodwill.
- 46) a) Janani, Janaki and Jamuna are partners sharing profits and losses in the ratio of 3:3:1 respectively. Janaki died on 31st December, 2017. Final amount due to her showed a credit balance of 1,40,000. Pass journal entries if,
- (a) The amount due is paid off immediately.
(b) The amount due is not paid immediately.
(c) 75, 000 is paid and the balance in future.

(Or)

- b) From the following information relating to a partnership firm, find out the value of its goodwill based on 3 years purchase of average profits of the last 4 years:
- (a) Profits of the years 2015, 2016, 2017 and 2018 are 10,000, 12,500, 12,000 and 11,500 respectively.
(b) The business was looked after by a partner and his fair remuneration amounts to 1,500 per year. This amount was not considered in the calculation of the above profits.
- 47) a) The following particulars are available in respect of a business carried on by a partnership firm:
- (a) Profits earned: 2016: 30,000; 2017: 29,000 2018: 32,000.
(b) Profit of 2016 includes a non-recurring income of 3,000.
(c) Profit of 2017 is reduced by 2,000 due to stock destroyed by fire.
(d) The stock is not insured. But, it is decided to insure the stock in future. The insurance premium is estimated at 5,600 per annum.

You are required to calculate the value of goodwill on the basis of 2 years purchase of average profits of the last three years.

(Or)

- b) Distinguish between sacrificing ratio and gaining ratio.

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MODEL PAPER - 8

PART - I

CHOOSE THE CORRECT ANSWER**20 X 1 = 20**

- 1) Which of the following statements is true?
 - (a) Goodwill is an intangible asset
 - (b) Goodwill is a current asset
 - (c) Goodwill is a fictitious asset
 - (d) Goodwill cannot be acquired
- 2) Super profit is the difference between
 - (a) Capital employed and average profit
 - (b) Assets and liabilities
 - (c) Average profit and normal profit
 - (d) Current year's profit & average profit
- 3) In the absence of an agreement, partners are entitled to
 - (a) Salary
 - (b) Commission
 - (c) Interest on loan
 - (d) Interest on capital
- 4) Pick the odd one out
 - (a) Partners share profits and losses equally
 - (b) Interest on partners' capital is allowed at 7% per annum
 - (c) No salary or remuneration is allowed
 - (d) Interest on loan from partners is allowed at 6% per annum.
- 5) Profit after interest on drawings, interest on capital and remuneration is 10,500. Geetha, a partner, is entitled to receive commission @ 5% on profits after charging such commission. Find out commission
 - (a) 50
 - (b) 150
 - (c) 550
 - (d) 500
- 6) 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
- 7) As per the Indian Partnership Act, 1932, the rate of interest allowed on loans advanced by partners is
 - (a) 8% per annum
 - (b) 12% per annum
 - (c) 5% per annum
 - (d) 6% per annum
- 8) Which of the following is shown in Profit and loss appropriation account?
 - (a) Office expenses
 - (b) Salary of staff
 - (c) Partners' salary
 - (d) Interest on bank loan
- 9) Which of the following should not be recorded in the income and expenditure account?
 - (a) Sale of old news papers
 - (b) Loss on sale of asset
 - (c) Honorarium paid to the secretary
 - (d) Sale proceeds of furniture
- 10) Subscription due but not received for the current year is
 - (a) An asset
 - (b) A liability
 - (c) An expense
 - (d) An item to be ignored
- 11) Receipts and payments account is a
 - (a) Nominal A/c
 - (b) Real A/c
 - (c) Personal A/c
 - (d) Representative personal account
- 12) Receipts and payments account records receipts and payments of
 - (a) Revenue nature only
 - (b) Capital nature only
 - (c) Both revenue and capital nature
 - (d) None of the above
- 13) 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
- 14) Incomplete records are generally maintained by
 - (a) A company
 - (b) Government
 - (c) Small sized sole trader business
 - (d) Multinational enterprises

•• DHOSTH GUIDES ••

- 15) Statement of affairs is a
- (a) Statement of income and expenditure (b) Statement of assets and liabilities
(c) Summary of cash transactions (d) Summary of credit transactions
- 16) Opening statement of affairs is usually prepared to find out the
- (a) Capital in the beginning of the year (b) Capital at the end of the year
(c) Profit made during the year (d) Loss occurred during the year
- 17) The excess of assets over liabilities is
- (a) Loss (b) Cash (c) Capital (d) Profit
- 18) Which of the following items relating to bills payable is transferred to total creditors account?
- (a) Opening balance of bills payable (b) Closing balance of bills payable
(c) Bills payable accepted during the year (d) Cash paid for bills payable
- 19) 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
- 20) Which one of the following statements is not true in relation to incomplete records?
- (a) It is an unscientific method of recording transactions
(b) Records are maintained only for cash and personal accounts
(c) It is suitable for all types of organisations
(d) Tax authorities do not accept

PART - II**ANSWER ANY SEVEN QUESTION S AQ NO 30 IS COMPULSORY 7X2=14**

- 21) What is meant by calls in arrear?
- 22) Why are the shares forfeited?
- 23) What is a share?
- 24) Rajan is a partner who withdrew 30,000 during the year 2018. Interest on drawings is charged at 10% per annum. Calculate interest on drawings on 31st December, 2018.
- 25) Vimala and Kamala are partners, sharing profits and losses in the ratio of 4:3. Vinitha enters into the partnership and she acquires $\frac{1}{14}$ from Vimala and $\frac{1}{14}$ from Kamala. Find out the new profit sharing ratio and sacrificing ratio.
- 26) Karthik and Kannan are equal partners. They admit Kailash with $\frac{1}{4}$ share of the profit. Kailash acquired his share from old partners in the ratio of 7:3. Calculate the new profit sharing ratio and sacrificing ratio.
- 27) Calculate the current ratio from the following information.
- | | |
|---------------------------|----------|
| Current investments | 40,000 |
| Fixed assets | 5,00,000 |
| Inventories | 2,00,000 |
| Trade creditors | 80,000 |
| Trade debtors | 1,20,000 |
| Bills payable | 50,000 |
| Bills receivable | 80,000 |
| Expenses payable | 20,000 |
| Cash and cash equivalents | 10,000 |
| Non-current liability | 3,00,000 |
- 28) Calculate quick ratio:
- | | |
|---------------------------|-----------|
| Total current liabilities | 2,40,000; |
| Total current assets | 4,50,000; |
| Inventories | 70,000; |
| Prepaid expenses | 20,000. |

•• DHOSTH GUIDES ••

- 29) 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.
- 30) What is meant by calls in advance?

PART - III

Answer any seven questions q no 40 is compulsory

- 31) Suresh and Dinesh are partners sharing profits in the ratio of 3:2. They admit Ramesh as a new partner. Suresh surrenders $\frac{1}{5}$ of his share in favour of Ramesh. Dinesh surrenders $\frac{2}{5}$ of his share in favour of Ramesh. Calculate the new profit sharing ratio and sacrificing ratio.
- 32) Ashok and Mumtaj were partners in a firm sharing profits and losses in the ratio of 5:1. They have decided to admit Tharun into the firm for $\frac{2}{9}$ share of profits. The goodwill of the firm on the date of admission was valued at ₹ 27,000. Tharun is not able to bring in cash for his share of goodwill. Pass necessary journal entries for goodwill on the assumption that the fluctuating capital system is followed.
- 33) From the given information calculate the inventory turnover ratio and inventory conversion period (in months) of Devi Ltd.
- | | |
|----------------------------------------|-----------|
| Revenue from operations | 12,00,000 |
| Inventory at the beginning of the year | 1,70,000 |
| Inventory at the end of the year | 1,30,000 |
| Purchases made during the year | 6,90,000 |
| Carriage inwards | 20,000 |
- 34) Anu and Arul were partners in a firm sharing profits and losses in the ratio of 4:1. They have decided to admit Mano into the firm for $\frac{2}{5}$ share of profits. The goodwill of the firm on the date of admission was valued at ₹ 25,000. Mano is not able to bring in cash for his share of goodwill. Pass necessary journal entry for goodwill on the assumption that the fluctuating capital method is followed.
- 35) From the following figures obtained from Arjun Ltd, calculate the trade payables turnover ratio and credit payment period (in days).
- | | |
|-------------------------------------|----------|
| Credit purchases during 2018 – 2019 | 9,50,000 |
| Trade creditors as on 1.4.2018 | 60,000 |
| Trade creditors as on 31.3.2019 | 50,000 |
| Bills payable as on 1.4.2018 | 45,000 |
| Bills payable as on 31.3.2019 | 35,000 |
- 36) Aruna Mills Ltd. with a registered capital of 5,00,000 in equity shares of 10 each, issued 20,000 of such shares payable as follows; 4 per share on application, 4 per share on allotment and 2 per share on first and final call. The issue was duly subscribed. All the money payable was duly received. But on allotment, one shareholder paid the entire balance on his holding of 300 shares. Give journal entries to record the above.
- 37) Jeyam Tyres issued 15,000 ordinary shares of 10 each payable as follows: 3 on application; 5 on allotment; 2 on first and final call. All money were duly received except one shareholder holding 100 shares failed to pay the call money. Pass the necessary journal entries for call (using calls in arrear account).
- 38) Anjali Flour Ltd. with a registered capital of ₹ 4,00,000 in equity shares of 10 each, issued 30,000 of such shares; payable 2 per share on application, 5 per share on allotment and 3 share on first call. The issue was duly subscribed. All the money payable was duly received but on allotment, one shareholder paid the entire balance on his holding of 500 shares. Give journal entries to record the transactions

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- 39) Muthu Ltd. issued 50,000 shares of 10 each payable as follows; 2 on application; 4 on allotment; 4 on first and final call. All money were duly received except one shareholder holding 1,000 shares failed to pay the call money. Pass the necessary journal entries for calls by using calls in arrear account.
- 40) Lakshith was holding 50 shares of 10 each on which he paid 2 on application but could not pay 4 on allotment and 2 on first call. Directors forfeited the shares after the first call. Give journal entry for recording the forfeiture of shares.

PART - IV

ANSWER ALL THE QUESTIONS

7 X 5 = 35

- 41) a) Progress Ltd. issued 50,000 ordinary shares of 10 each, payable 2 on application, 4 on allotment, 2 on first call and 2 on final call. All the shares are subscribed and amount was duly received. Pass journal entries.

(Or)

- b) Sampath company issued 25,000 shares at 10 per share payable 3 on application, 4 on allotment, 3 on first and final call. The public subscribed for 24,000 shares. The directors allotted all the 24,000 shares and received the money duly. Pass necessary journal entries.

- 42) a) Viswanath Furniture Ltd. invited applications for 20,000 shares of 10 each at a premium of 2 per share payable. 2 on application 5 (including premium) on allotment 5 on first and final call There was over subscription and applications were received for 30,000 shares and the excess applications were rejected by the directors. All the money due were received. Pass the journal entries.

(Or)

- b) Kasthuri Ltd. had allotted 20,000 shares of 10 each at a premium of 2 each to applicants of 30,000 shares on a pro rata basis. The amount payable was 1 on application, 5 on allotment (including premium of 2 each) and 2 on first call and 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 @ 8 per share. Pass necessary journal entries.

- 43) a) United Industries Ltd. issued shares of 10 each at 10% premium payable 3 on application, 4 on allotment (including premium), 2 on first call and 2 on second and final call. Journalise the transactions relating to forfeiture of shares for the following situations:

- (i) Manoj who holds 250 shares failed to pay the second and final call and his shares were forfeited.
- (ii) Manoj who holds 250 shares failed to pay the allotment money and first call and second and final call and his shares were forfeited.
- (iii) Manoj who holds 250 shares failed to pay the allotment money and first call money and his shares were forfeited after the first call.

(Or)

- b) Divya Ltd. allotted 10,000 equity shares of 10 each at a premium of 2 per share to applicants of 14,000 shares on a pro rata basis. The excess application money will be adjusted towards allotment money. The amount payable was 2 on application, 5 on allotment (including premium of 2 each) and 3 on first call and 2 on final call. Vikas, a shareholder failed to pay the first call and final call on his 300 shares. All the shares were forfeited and out of them 200 shares were reissued @ ₹ 9 per share. Pass the necessary journal entries.

- 44) a) Thangam Ltd. issued 50,000 shares of 10 each at a premium of 2 per share payable as follows: On application 5 On allotment 5 (including premium) On first and final call 2 Issue was fully subscribed and the amounts due were received except Priya to whom 500 shares were allotted who failed to pay the allotment money and first and final call money. Her shares were forfeited. All the forfeited shares were reissued to Devi at 8 per share. Pass journal entries.

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(Or)

b) Sara Company issues 10,000 equity shares of 10 each payable fully on application. Pass journal entries if the shares are issued (i) at par (ii) at a premium of 2 per share.

45) a) X company issued 10,000 equity shares of ₹ 10 each payable as under:

On application 2 On allotment 4 On first call 2 On final call 2

Applications were received for 30,000 shares. Applications for 10,000 shares were rejected and allotment was made proportionately towards remaining applications and the excess application money is adjusted towards allotment money. The directors made both the calls and the all the amount were received except the final call on 600 shares which were subsequently forfeited. Later 400 forfeited shares were reissued as fully paid by receiving 7 per share. Give journal entries.

(Or)

b) Shero Health Care Ltd. invited applications for 3,00,000 equity shares of 10 each at a premium of 2 per share payable as follows: 3 on application 5 (including premium) on allotment 4 on first and final call There was over subscription and applications were received for 4,00,000 shares and the excess applications were rejected by the directors. All the money due were received. Pass the journal entries.

46) Bharath Ltd. issued 1,00,000 equity shares of 10 each to the public at par. The details of the amount payable on the shares are as follows: On application 5 per share On allotment 3 per share On first and final call 2 per share Application money was received for 1,20,000 shares. Excess application money was refunded immediately. Pass journal entries to record the above.

(Or)

b) Thai Ltd. issued 1,00,000 equity shares of ₹ 10 each, payable 5 on application, 2 on allotment, 2 on first call and 1 on final call. All the shares are subscribed and amount was duly received. Pass journal entries.

47) a) 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.

(Or)

b) Sudha Ltd. offered 1,00,000 shares of 10 each to the public payable 3 on application, 4 on share allotment and the balance when required. Applications for 1,40,000 shares were received on which the directors allotted as: Applicants for 60,000 shares - Full Applicants for 75,000 shares - 40,000 shares (excess money will be utilised for allotment) Applicants for 5,000 shares - Nil All the money due was received. Pass journal entries upto the receipt of allotment.

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MODEL PAPER - 9**PART - I****CHOOSE THE CORRET ANSWER****20 X 1 = 20**

- 1) What is the amount of capital of the proprietor; if his assets are 85,000 and liabilities are 21,000?
(a) 85,000 (b) 1, 06,000 (c) 21,000 (d) 64,000
- 2) When capital in the beginning is 10,000, drawings during the year is 6,000, profit made during the year is 2,000 and the additional capital introduced is 3,000, find out the amount of capital at the end.
(a) 9,000 (b) 11,000 (c) 21,000 (d) 3,000
- 3) Opening balance of debtors: ₹ 30,000, cash received: 1,00,000, credit sales: 90,000; closing balance of debtors is
a) 30,000 b) 1,30,000 c) 40,000 d) 20,000
- 4) Income and expenditure account is a
(a) Nominal A/c (b) Real A/c
(c) Personal A/c (d) Representative personal account
- 5) Income and Expenditure Account is prepared to find out
(a) Profit or loss (b) Cash and bank balance
(c) Surplus or deficit (d) Financial position
- 6) Which of the following should not be recorded in the income and expenditure account?
(a) Sale of old news papers (b) Loss on sale of asset
(c) Honorarium paid to the secretary (d) Sale proceeds of furniture
- 7) Subscription due but not received for the current year is
(a) An asset (b) A liability (c) An expense (d) An item to be ignored
- 8) Legacy is a
(a) Revenue expenditure (b) Capital expenditure
(c) Revenue receipt (d) Capital receipt
- 9) As per the Indian Partnership Act, 1932, the rate of interest allowed on loans advanced by partners is
(a) 8% per annum (b) 12% per annum (c) 5% per annum (d) 6% per annum
- 10) Which of the following is shown in Profit and loss appropriation account?
(a) Office expenses (b) Salary of staff
(c) Partners' salary (d) Interest on bank loan
- 11) The average rate of return of similar concerns is considered as
(a) Average profit (b) Normal rate of return
(c) Expected rate of return (d) None of these
- 12) 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
- 13) Identify the incorrect pair
(a) Goodwill under Average profit method - Average profit × Number of years of purchase
(b) Goodwill under Super profit method - Super profit × Number of years of purchase
(c) Goodwill under Annuity method - Average profit × Present value annuity factor
(d) Goodwill under Weighted average - Weighted average profit × Number of years of profit method purchase
- 14) When the average profit is 25,000 and the normal profit is 15,000, super profit is
(a) 25,000 (b) 5,000 (c) 10,000 (d) 15,000

•• DHOSTH GUIDES ••

- 15) The profit or loss on revaluation of assets and liabilities is transferred to the capital account of
- (a) The old partners (b) The new partner
(c) All the partners (d) The Sacrificing partners
- 16) 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
- 17) Select the odd one out
- (a) Revaluation profit (b) Accumulated loss
(c) Goodwill brought by new partner (d) Investment fluctuation fund
- 18) A preference share is one
- (i) which carries preferential right with respect to payment of dividend fixed rate
(ii) which carries preferential right with respect to repayment of capital on winding up
- (a) Only (i) is correct (b) Only (ii) is correct
(c) Both (i) and (ii) are correct (d) Both (i) and (ii) are incorrect
- 19) That part of share capital which can be called up only on the winding up of a company is called
- (a) Authorised capital (b) Called up capital
(c) Capital reserve (d) Reserve capital
- 20) After the forfeited shares are reissued, the balance in the forfeited shares account should be transferred to
- (a) General reserve account (b) Capital reserve account
(c) Securities premium account (d) Surplus account

PART - II**ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY****7 X 2 = 14**

- 21) From the following particulars, prepare comparative income statement of TharunCo. Ltd.

PARTICULARS	2016-17	2017-18
Revenue from operations	2,00,000	2,50,000
Other income	50,000	40,000
Expenses	1,50,000	1,20,000

- 22) From the following particulars, prepare comparative income statement of Mary Co. Ltd.

PARTICULARS	2015 -16	2016 - 17
Revenue from operations	4,00,000	5,00,000
Operating expenses	2,00,000	1,80,000
Income tax	20%	50%

- 23) 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%

- 24) Arjun was holding 1,000 shares of 10 each of Vanavil Electronics Ltd, issued at par. He paid 3 on application, 4 on allotment but could not pay the first and final call of 3. The directors forfeited the shares for nonpayment of call money. Give Journal entry for forfeiture of shares.

•• DHOSTH GUIDES ••

- 25) Lakshith was holding 50 shares of 10 each on which he paid 2 on application but could not pay 4 on allotment and 2 on first call. Directors forfeited the shares after the first call. Give journal entry for recording the forfeiture of shares.
- 26) Praveena and Dhanya are partners sharing profits in the ratio of 7:3. They admit Malini into the firm. The new ratio among Praveena, Dhanya and Malini is 5:2:3. Calculate the sacrificing ratio.
- 27) Ananth and Suman are partners sharing profits and losses in the ratio of 3:2. They admit Saran for 1/5 share, which he acquires entirely from Ananth. Find out the new profit sharing ratio and sacrificing ratio.
- 28) What are financial statements?
- 29) What is working capital?
- 30) List the tools of financial statement analysis.

PART - III**Answer any seven questions q no 40 is compulsory****7 X 3 = 21**

- 31) State the differences between preference shares and equity shares.
- 32) Briefly explain any three limitations of financial statements.
- 33) Explain the procedure for preparing common-size statement.
- 34) Mannan and Ramesh share profits and losses in the ratio of 3:2 and their capital on 1st April, 2018 was Mannan 1,50,000 and Ramesh 1,00,000 respectively and their current accounts show a credit balance of 25,000 and 20,000 respectively. Calculate interest on capital at 6% p.a. for the year ending 31st March, 2019 and show the journal entries.
- 35) Rajesh and Ramesh are partners sharing profits in the ratio 3:2. Raman is admitted as a new partner and the new profit sharing ratio is decided as 5:3:2. The following revaluations are made. Pass journal entries and prepare revaluation account.
- (a) The value of building is increased by 15,000.
- (b) The value of the machinery is decreased by 4,000.
- (c) Provision for doubtful debt is made for 1,000.
- 36) Maruthu Ltd. forfeited 150 equity shares of 10 each for non payment of final call of 4 per share. Of these 100 shares were reissued @ 9 per share. Pass journal entries for forfeiture and reissue.
- 37) Sara Company issues 10,000 equity shares of 10 each payable fully on application. Pass journal entries if the shares are issued
- (i) at par (ii) at a premium of 2 per share
- 38) From the following information, calculate trend percentages for Mullai Ltd.

PARTICULARS	in lakhs		
	2015 -16	2016 -17	2017 - 18
Revenue from operations	100	120	160
Other income	20	24	20
Expenses	20	14	40
Income tax	30%	30%	30%

- 39) From the following particulars of Neithal Ltd, calculate trend percentages

PARTICULARS	in lakhs		
	2015 -16	2016 -17	2017 - 18
Revenue from operations	150	135	90
Other income	25	5	15
Expenses	125	75	50
Income tax	40%	40%	40%

•• DHOSTH GUIDES ••

40) Explain the trend analysis in your own words?

PART - IV**ANSWER ALL THE QUESTIONS****7 X 5 = 35**

41) A) Simon Ltd issued 50,000 equity shares of 10 each at par payable on application 1 per share, on allotment 5 per share, on first call 2 per share and on second and final call 2 per share. The issue was fully subscribed and all the amounts were duly received with the exception of 2,000 shares held by Chezhian, who failed to pay the second and final call. His shares were forfeited and reissued to Elango at 8 per share. Journalise the above transactions.

(Or)

B) Kanchana Ltd. issued 50,000 shares of 10 each payable as under. On application 1
On allotment 5 On first call 2 On final call 2

Applications were received for 70,000 shares. Applications for 8,000 shares were rejected and allotment was made proportionately towards remaining applications. The directors made both the calls and the all the amount were received except the final call on 1,500 shares which were subsequently forfeited. Later 1,200 forfeited shares were reissued by receiving 8 per share. Give journal entries.

42) A) Vairam Ltd. issued 60,000 shares of 10 each at a premium of 2 per share payable as follows:
On application 6 On allotment 4 (including premium) On first and final call 2 Issue was fully subscribed and the amounts due were received except Saritha to whom 1,000 shares were allotted who failed to pay the allotment money and first and final call money. Her shares were forfeited. All the forfeited shares were reissued to Parimala at 7 per share. Pass journal entries.

(Or)

B) Paradise Ltd. purchased assets of 4,40,000 from Suguna Furniture Ltd. It issued equity shares of 10 each fully paid in satisfaction of their claim. What entries will be made if such issue is:
(a) at par and (b) at premium of 10%.

43) 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	5,00,000
II. Other Income	
Income from investment	40,000
III. Total revenue (I +II)	5,40,000
IV. Expenses:	
Purchases of stock-in-trade	1,80,000
Changes in inventories	20,000
Employee benefits expenses	30,000
Other expenses	1,10,000
Provision for tax	50,000
Total expenses	3,90,000
V. Profit for the year	1,50,000

(or)

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B) Following is the extract of the balance sheet of Babu Ltd., as on 31st March, 2018:

Particulars	Amount ₹
I EQUITY AND LIABILITIES	
1. Shareholders' fund	
(a) Share capital	70,000
(b) Reserves and surplus	25,000
2. Non-current liabilities	
Long-term borrowings	30,000
3. Current liabilities	
(a) Trade payables	20,000
(b) Other current liabilities	15,000
(c) Short-term provisions	42,000
Total	2,02,000

Net profit before interest and tax for the year was ₹ 25,000. Calculate the return on capital employed for the year.

44) A) Prepare Common-size balance sheet of Meena Ltd. as on 31st March, 2018.

Particulars	31st March 2018
I EQUITY AND LIABILITIES	
Shareholders' fund	2,00,000
Non-current liabilities	1,60,000
Current liabilities	40,000
Total	4,00,000
II ASSETS	
Non-current assets	3,00,000
Current assets	1,00,000
Total	4,00,000

(Or)

B) Lalitha Ltd. offered 30,000 equity shares of 10 each to the public payable 2 per share on application, 3 on share allotment and the balance when required. Applications for 50,000 shares were received on which the directors allotted as: Applicants for 10,000 shares - Full Applicants for 35,000 shares - 20,000 shares (excess money will be utilised for allotment) Applicants for 5,000 shares - Nil All the money due was received. Pass journal entries upto the receipt of allotment

45) A) Sudha Ltd. offered 1,00,000 shares of 10 each to the public payable 3 on application, 4 on share allotment and the balance when required. Applications for 1,40,000 shares were received on which the directors allotted as: Applicants for 60,000 shares - Full Applicants for 75,000 shares - 40,000 shares (excess money will be utilised for allotment) Applicants for 5,000 shares - Nil All the money due was received. Pass journal entries upto the receipt of allotment.

(Or)

B) 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 1,50,000. Pass journal entries if:

(a) The amount due is paid off immediately.

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- (b) The amount due is not paid immediately.
 (c) 1,00,000 is paid and the balance in future
- 46) A) Vinoth, Karthi and Pranav are partners sharing profits and losses in the ratio of 2:2:1. Pranav retires from partnership on 1st April 2018. The following adjustments are to be made.
 (i) Increase the value of land and building by 18,000
 (ii) Reduce the value of machinery by 15,000
 (iii) A provision would also be made for outstanding expenses for 8,000.
 Give journal entries and prepare revaluation account.
 (Or)
- B) Deepak, Senthil and Santhosh are partners sharing profits and losses equally. They admit Jerald into partnership for 1/3 share in future profits. The goodwill of the firm is valued at 45,000 and Jerald brought cash for his share of goodwill. The existing partners withdraw half of the amount of their share of goodwill. Pass necessary journal entries for adjusting goodwill on the assumption that the fluctuating capital method is followed.
- 47) A) Explain any five accounting reports?
 (Or)
- b) Explain any five applications of computerised accounting system.

MODEL PAPER - 10
PART - I

CHOOSE THE CORRECT ANSWER

20X1=20

- 1) ₹ 25,000 withdrawn from bank for office use. In which voucher type, this transaction will be recorded
- (a) Contra Voucher (b) Receipt Voucher
 (c) Payment Voucher (d) Sales Voucher
- 2) In which voucher type credit purchase of furniture is recorded in Tally
- (a) Receipt voucher (b) Journal voucher
 (c) Purchase voucher (d) Payment voucher
- 3) Which of the following options is used to view Trial Balance from Gateway of Tally?
- (a) Gateway of Tally -> Reports -> Trial Balance
 (b) Gateway of Tally -> Trial Balance
 (c) Gateway of Tally -> Reports -> Display -> Trial Balance
 (d) None of these.
- 4) Which submenu displays groups, ledgers and voucher types in Tally?
- (a) Inventory vouchers (b) Accounting vouchers
 (c) Company Info (d) Account Info
- 5) What are the predefined Ledger(s) in Tally?
- (i) Cash (ii) Profit & Loss A/c (iii) Capital A/c
 (a) Only (i) (b) Only (ii) (c) Both (i) and (ii) (d) Both (ii) and (iii)
- 6) Balance sheet provides information about the financial position of a business concern
- a) Over a period of time b) As on a particular date
 c) For a period of time d) For the accounting period
- 7) If a share of 10 on which 8 has been paid up is forfeited. Minimum reissue price is
- (a) 10 per share (b) 8 per share (c) 5 per share (d) 2 per share
- 8) Supreme Ltd. forfeited 100 shares of 10 each for non-payment of final call of 2 per share. All these shares were re-issued at 9 per share. What amount will be transferred to capital reserve account?
- (a) 700 (b) 800 (c) 900 (d) 1,000

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- 9) When the average profit is 25,000 and the normal profit is 15,000, super profit is
- (a) 25,000 (b) 5,000 (c) 10,000 (d) 15,000
- 10) Book profit of 2017 is 35,000; non-recurring income included in the profit is 1,000 and abnormal loss charged in the year 2017 was 2,000, then the adjusted profit is
- (a) 36,000 (b) 35,000 (c) 38,000 (d) 34,000
- 11) The total capitalised value of a business is 1,00,000; assets are 1,50,000 and liabilities are 80,000. The value of goodwill as per the capitalisation method will be
- (a) 40,000 (b) 70,000 (c) 1,00,000 (d) 30,000
- 12) Which one of the following statements is not true in relation to incomplete records?
- (a) It is an unscientific method of recording transactions
 (b) Records are maintained only for cash and personal accounts
 (c) It is suitable for all types of organisations
 (d) Tax authorities do not accept
- 13) What is the amount of capital of the proprietor; if his assets are 85,000 and liabilities are 21,000?
- (a) 85,000 (b) 1,06,000 (c) 21,000 (d) 64,000
- 14) When capital in the beginning is 10,000, drawings during the year is 6,000, profit made during the year is 2,000 and the additional capital introduced is 3,000, find out the amount of capital at the end.
- (a) 9,000 (b) 11,000 (c) 21,000 (d) 3,000
- 15) Opening balance of debtors: ₹ 30,000, cash received: 1,00,000, credit sales: 90,000; closing balance of debtors is
- (a) 30,000 (b) 1,30,000 (c) 40,000 (d) 20,000
- 16) 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
- 17) Receipts and payments account is a
- (a) Nominal A/c (b) Real A/c
 (c) Personal A/c (d) Representative personal account
- 18) Receipts and payments account records receipts and payments of
- (a) Revenue nature only (b) Capital nature only
 (c) Both revenue and capital nature (d) None of the above
- 19) A preference share is one
- (i) which carries preferential right with respect to payment of dividend fixed rate
 (ii) which carries preferential right with respect to repayment of capital on winding up
- (a) Only (i) is correct (b) Only (ii) is correct
 (c) Both (i) and (ii) are correct (d) Both (i) and (ii) are incorrect
- 20) Match the pair and identify the correct option
- (1) Under subscription - (i) Amount prepaid for calls
 (2) Over subscription - (ii) Subscription above the offered shares
 (3) Calls in arrear - (iii) Subscription below the offered shares
 (4) Calls in advance - (iv) Amount unpaid on calls
- (1) (2) (3) (4)
 (a) (i) (ii) (iii) (iv) (b) (iv) (iii) (ii) (i) (c) (iii) (ii) (iv) (i) (d) (iii) (iv) (i) (ii)

PART - II

ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY

7 X 2 = 14

- 21) Why is Profit and loss appropriation account prepared?
 22) What is normal rate of return?

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- 23) From the following details, calculate the capital as on 31st December 2018:
- | | |
|----------------------------------------------------|--------|
| Capital as on 1st January, 2018 | 27,500 |
| Goods taken for the personal use of the proprietor | 5,000 |
| Additional capital introduced during the year | 2,500 |
| Profit for the year | 10,000 |
- 24) How will the following items appear in the final accounts of a sports club?
- | | |
|-------------------------------------------------|-------|
| Particulars | Rs. |
| Stock of sports materials (01.04.2018) | 3,000 |
| Sports materials purchased during current year | 9,000 |
| Sale of old sport materials during current year | 500 |
| Stock of sports materials (31.03.2019) | 4,000 |
- 25) Rajan is a partner who withdrew 30,000 during the year 2018. Interest on drawings is charged at 10% per annum. Calculate interest on drawings on 31st December, 2018.
- 26) Compute average profit from the following information.
2016: 8,000; 2017: 10,000; 2018: 9,000
- 27) Anbu and Raju are partners, sharing profits in the ratio of 3:2. Akshai is admitted as a partner. The new profit sharing ratio among Anbu, Raju and Akshai is 5:3:2. Find out the sacrificing ratio.
- 28) Kiran, Vinoth and Vimal are partners sharing profits in the ratio of 5:3:2. Kiran retires and the new profit sharing ratio between Vinoth and Vimal is 2:1. Calculate the gaining ratio.
- 29) From the following particulars, prepare comparative income statement of Abdul Co. Ltd.

PARTICULARS	2015 -16	2016 - 17
Revenue from operations	3,00,000	2,50,000
Other income	1,00,000	40,000
Expenses	2,00,000	1,20,000
Income tax	30%	30%

- 30) 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%

PART - III**ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY****7 X 3 = 21**

- 31) From the following particulars, calculate the Trend percentages of Kavitha Ltd.

PARTICULARS	in thousands		
	2015 -16	2016 - 17	2017 - 18
Revenue from operations	100	125	150
Other income	20	25	30
Expenses	100	120	80
Income tax	30%	30%	30%

- 32) 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:
(a) at par and (b) at a premium of 50%.

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- 33) Janani, Janaki and Jamuna are partners sharing profits and losses in the ratio of 3:3:1 respectively. Janaki died on 31st December, 2017. Final amount due to her showed a credit balance of 1,40,000. Pass journal entries if,
- The amount due is paid off immediately.
 - The amount due is not paid immediately.
 - 75, 000 is paid and the balance in future.
- 34) Ramya, Sara and Thara are partners sharing profits and losses in the ratio of 5:3:2. On 1st April 2018, Thara retires and on retirement, the following adjustments are agreed upon:
- Increase the value of premises by 40,000.
 - Depreciate stock by ₹ 3,000 and machinery by 6,500.
 - Provide an outstanding liability of 500
- Pass journal entries and prepare revaluation account.
- 35) Difference between statement of affairs and balance sheet
- 36) Find out the value of goodwill at three years purchase of weighted average profit of last four years.

Particulars	2015	2016	2017	2018
Profit	10,000	12,000	16,000	18,000
Weight	1	2	3	4

- 37) From the following information, compute the value of goodwill as per annuity method:
- Capital employed: 50,000
 - Normal rate of return: 10%
 - Profits of the years 2016, 2017 and 2018 were 13,000, 15,000 and 17,000 respectively.
 - The present value of annuity of Rs. 1 for 3 years at 10% is 2. 4868.
- 38) The capital account of Arivazhagan and Srinivasan on 1st January 2017 showed a balance of 15,000 and 10,000 respectively. On 1st July 2017, Arivazhagan introduced an additional capital of 5,000 and on 1st September 2017 Srinivasan introduced an additional capital of 10,000. Calculate interest on capital at 6% p.a. for the year ending 31st December 2017.
- 39) State any three advantages of ratio analysis
- 40) Mention the commonly used voucher types in Tally.ERP 9.

PART - IV**ANSWER ALL THE QUESTIONS****7 X 5 = 45****41) A) Explain any five applications of computerised accounting system.**

(Or)

B) Ahmed does not keep proper books of accounts. Find the profit or loss made by him for the year ending 31st March, 2018.

Particulars	1.4.2018	31.3.2019
Bank balance	14,000 (Cr.)	18,000 (Dr.)
Cash in hand	800	1,500
Stock	12,000	16,000
Debtors	34,000	30,000
Plant	80,000	80,000
Furniture	40,000	40,000
Creditors	60,000	72,000

Ahmed had withdrawn 40,000 for his personal use. He had introduced 16,000 as capital for expansion of his business. A provision of 5% on debtors is to be made. Plant is to be depreciated at 10%.

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- 42) A) From the following details of Abdul who maintains incomplete records, prepare Trading and Profit and Loss account for the year ended 31st March, 2018 and a Balance Sheet as on the date.

Particulars	1.4.2017	31.3.2018
Stock	1,00,000	50,000
Sundry debtors	2,50,000	3,50,000
Cash	25,000	40,000
Furniture	10,000	10,000
Sundry creditors	1,50,000	1,75,000

Other details:

Drawings	40,000
Cash received from debtors	5,35,000
Discount received	20,000
Sundry expenses	30,000
Discount allowed	25,000
Capital as on 1.4.2017	2,35,000
Cash paid to creditors	4,50,000

(Or)

- B) From the following Receipts and Payments account of Coimbatore Cricket Club for the year ending 31st March 2016, prepare income and expenditure account for the year ending 31st March, 2016 and a balance sheet as on that date. In the books of Coimbatore Cricket Club Receipts and Payments Account for the year ending 31st March, 2016

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d		By Maintenance	5,000
Cash at bank	8,000	By Furniture	15,000
To Subscriptions	11,000	By Tournament expenses	1,400
To Sale of old bats and balls	100	By Secretary's honorarium	4,500
To Subscription for tournament	2,000	By Bats and balls	7,400
To Legacies	20,000	By Balance c/d	
Cash at bank	7,800		7,800
	41,100		41,100

Additional information: On 1st April, 2015 the club had stock of balls and bats 3,000 and an advance subscription of 500. Surplus on account of tournament should be kept in reserve for permanent pavilion. Subscription due on 31.03.2016 was 2,000. Stock of bats and balls on 31.3.2016 was 1,000.

- 43) a) Arulappan and Nallasamy are partners in a firm sharing profits and losses in the ratio of 4:1. On 1st January 2018, their capitals were 20,000 and 10,000 respectively. The partnership deed specifies the following:

- Interest on capital is to be allowed at 5% per annum.
- Interest on drawings charged to Arulappan and Nallasamy are 200 and ₹ 300 respectively.
- The net profit of the firm before considering interest on capital and interest on drawings amounted to 18,000.

Give necessary journal entries and prepare Profit and loss appropriation account for the year ending 31st December 2018. Assume that the capitals are fluctuating

(Or)

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b) The following particulars are available in respect of the business carried on by a partnership firm:

- (i) Profits earned: 2016: 25,000; 2017: ₹ 23,000 and 2018: 26,000.
- (ii) Profit of 2016 includes a non-recurring income of 2,500.
- (iii) Profit of 2017 is reduced by 3,500 due to stock destroyed by fire.
- (iv) The stock was not insured. But, it is decided to insure the stock in future. The insurance premium is estimated to be 250 per annum.

You are required to calculate the value of goodwill of the firm on the basis of 2 years purchase of average profits of the last three years.

44) a) Anand and Balu are partners in a firm sharing profits and losses in the ratio of 7:3. Their balance sheet as on 31st March, 2018 is as follows:

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹
Capital accounts			Land	60,000
Anand	50,000		Stock	40,000
balu	30,000	80,000	Debtors	20,000
Sundry creditors		20,000	Cash in hand	10,000
Profit & loss A/c		30,000		
		1,30,000		1,30,000

Chandru is admitted as a new partner on 1.4.2018 by introducing a capital of 20,000 for $\frac{1}{4}$ share in the future profit subject to the following adjustments:

- (a) Stock to be depreciated by 3,000
- (b) Provision for doubtful debts to be created for 2,000.
- (c) Land was to be appreciated by 10,000

Prepare revaluation account and capital account of partners after admission.

(Or)

b) Ameer and Raja are partners sharing profits in the ratio of 3:2. Their balance sheet is shown as under on 31.12.2018.

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital accounts			Machinery	60,000	
Ameer	80,000		Furniture	40,000	
Raja	70,000	1,50,000	Debtors		30,000
Reserve fund		15,000	Stock		10,000
Sundry creditors		35,000	Prepaid insurance		40,000
			Cash at bank		20,000
		2,00,000			2,00,000

Rohit is admitted as a new partner who introduces a capital of ₹ 30,000 for his $\frac{1}{5}$ share in future profits. He brings ₹ 10,000 for his share of goodwill. Following revaluations are made:

- (i) Stock is to be appreciated to 14,000
- (ii) Furniture is to be depreciated by 5%
- (iii) Machinery is to be revalued at ₹ 80,000

Prepare the necessary ledger accounts and the balance sheet after the admission.

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45) a) Divya Ltd. allotted 10,000 equity shares of 10 each at a premium of 2 per share to applicants of 14,000 shares on a pro rata basis. The excess application money will be adjusted towards allotment money. The amount payable was 2 on application, 5 on allotment (including premium of 2 each) and 3 on first call and 2 on final call. Vikas, a shareholder failed to pay the first call and final call on his 300 shares. All the shares were forfeited and out of them 200 shares were reissued @ 9 per share. Pass the necessary journal entries.

(Or)

b) Prepare common-size balance sheet of Sharmila Ltd. and Sangeetha Ltd. as on 31st March, 2019.

PARTICULARS	SHARMILA LTD	SANGEETHA LTD
I EQUITY AND LIABILITIES		
Shareholders' fund	5,00,000	11,00,000
Non-current liabilities	4,00,000	7,00,000
Current liabilities	1,00,000	2,00,000
II ASSETS		
Non-current assets	6,50,000	18,00,000
Current assets	3,50,000	2,00,000
TOTAL	10,00,000	20,00,000

46) a) From the following particulars, prepare comparative statement of financial position of Muthu Ltd.

PARTICULARS	31ST MARCH 2017	31ST MARCH 2018
1 EQUITY AND LIABILITIES		
Shareholders fund	4,00,000	4,40,000
Non current liabilities	1,50,000	1,65,000
Current liabilities	75,000	82,500
Total	6,25,000	6,87,500
Assets		
Non current liabilities	5,00,000	6,00,000
Current assets	1,25,000	87,500
Total	6,25,000	6,87,500

(Or)

b) From the given information calculate the inventory turnover ratio and inventory conversion period (in months) of Sania Ltd.

Revenue from operations	1,90,000
Inventory at the beginning of the year	40,000
Inventory at the end of the year	20,000
Purchases made during the year	90,000
Carriage inwards	10,000

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47) a) From the following trading activities of Naveen Ltd. calculate (i) Gross profit ratio (ii) Net profit ratio (iii) Operating cost ratio (iv) Operating profit ratio.

Statement of Profit and loss

Particulars	Amount ₹
I. Revenue from operations	20,000
II. Other Income	
Income from investment	200
III. Total revenue (I +II)	20,200
IV. Expenses:	
Purchases of stock-in-trade	17,000
Changes in inventories -	1000
Finance costs	300
Other expenses (administration and selling)	2,400
Total expenses	18,700
V. Profit before tax (III - IV)	1,500

(Or)

b) Vairam Ltd. issued 60,000 shares of 10 each at a premium of 2 per share payable as follows:

On application 6

On allotment 4 (including premium)

On first and final call 2

Issue was fully subscribed and the amounts due were received except Saritha to whom 1,000 shares were allotted who failed to pay the allotment money and first and final call money. Her shares were forfeited. All the forfeited shares were reissued to Parimala at 7 per share. Pass journal entries.

MODEL PAPER - 11**PART - I****CHOOSE THE CORRECT ANSWER****(20 X 1 = 20)**

- Which of the following items relating to bills payable is transferred to total creditors account?
 - Opening balance of bills payable
 - Closing balance of bills payable
 - Bills payable accepted during the year
 - Cash paid for bills payable
- The amount of credit sales can be computed from
 - Total debtors account
 - Total creditors account
 - Bills receivable account
 - Bills payable account
- Income and expenditure account is a
 - Nominal A/c
 - Real A/c
 - Personal A/c
 - Representative personal account
- Income and Expenditure Account is prepared to find out
 - Profit or loss
 - Cash and bank balance
 - Surplus or deficit
 - Financial position
- In the absence of an agreement among the partners, interest on capital is
 - Not allowed
 - Allowed at bank rate
 - Allowed @ 5% per annum
 - Allowed @ 6% per annum
- As per the Indian Partnership Act, 1932, the rate of interest allowed on loans advanced by partners is
 - 8% per annum
 - 12% per annum
 - 5% per annum
 - 6% per annum

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- 7) When a partner withdraws regularly a fixed sum of money at the middle of every month, period for which interest is to be calculated on the drawings on an average is
- (a) 5.5 moths (b) 6 months (c) 12 months (d) 6.5 months
- 8) Profit after interest on drawings, interest on capital and remuneration is 10,500. Geetha, a partner, is entitled to receive commission @ 5% on profits after charging such commission. Find out commission
- (a) 50 (b) 150 (c) 550 (d) 500
- 9) Which of the following statements is true?
- (a) Goodwill is an intangible asset (b) Goodwill is a current asset
(c) Goodwill is a fictitious asset (d) Goodwill cannot be acquired
- 10) Super profit is the difference between
- (a) Capital employed and average profit (b) Assets and liabilities
(c) Average profit and normal profit (d) Current year's profit & average profit
- 11) At the time of admission, the goodwill brought by the new partner may be credited to the capital accounts of
- (a) all the partners (b) the old partners
(c) the new partner (d) the sacrificing partners.
- 12) Which of the following statements is not true in relation to admission of a partner ?
- (a) Generally mutual rights of the partners change
(b) The profits and losses of the previous years are distributed to the old partners
(c) The firm is reconstituted under a new agreement
(d) The existing agreement does not come to an end
- 13) If the final amount due to a retiring partner is not paid immediately, it is transferred to
- (a) Bank A/c (b) Retiring partner's capital A/c
(c) Retiring partner's loan A/c (d) Other partners' capital A/c
- 14) 'A' was a partner in a partnership firm. He died on 31st March 2019. The final amount due to him is 25,000 which is not paid immediately. It will be transferred to
- (a) A's capital account (b) A's current account
(c) A's Executor account (d) A's Executor loan account
- 15) The amount received over and above the par value is credited to
- (a) Securities premium account (b) Calls in advance account
(c) Share capital account (d) Forfeited shares account
- 16) Which of the following statement is false?
- (a) Issued capital can never be more than the authorised capital
(b) In case of under subscription, issued capital will less than subscribed capital
(c) Reserve capital can be called at the time of winding up
(d) Paid up capital is part of called up capital
- 17) A limited company's sales has increased from 1,25,000 to 1,50,000. How does this appear in comparative income statement?
- a) + 20 % b) + 120 % c) - 120 % d) - 20 %
- 18) In a common-size balance sheet, if the percentage of non-current assets is 75, what would be the percentage of current assets?
- a) 175 b) 125 c) 25 d) 100
- 19) Proportion of share holder's funds to total assets is called
- (a) Proprietary ratio (b) Capital gearing ratio
(c) Debt equity ratio (d) Current ratio
- 20) Accounting report prepared according to the requirements of the user is
- (a) Routine accounting report (b) Special purpose report
(c) Trial balance (d) Balance sheet

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Part - II

ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY**7 X 2 = 14**

- 21) What is meant by incomplete records?
- 22) What is meant by gaining ratio?
- 23) What is meant by fixed capital method?
- 24) Find out credit sales from the following information:
- | | |
|-------------------------------|----------|
| Debtors on 1st January 2018 | 40,000 |
| Cash received from debtors | 1,00,000 |
| Discount allowed | 5,000 |
| Sales returns | 2,000 |
| Debtors on 31st December 2018 | 60,000 |
- 25) 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 16,000 which includes 3,000 for 2017 and 5,000 for 2019. Subscription outstanding for the year 2018 is 4,000. Subscription of 2,000 was received in advance for 2018 in the year 2017.
- 26) Rajan is a partner who withdrew 30,000 during the year 2018. Interest on drawings is charged at 10% per annum. Calculate interest on drawings on 31st December, 2018
- 27) 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 and 2018: 3,500 Calculate the value of goodwill at 3 years purchase of average profits of five years..
- 28) Ravi and Kumar share profits and losses in the ratio of 7:3. Christy is admitted as a new partner with $\frac{3}{7}$ share which he acquires $\frac{2}{7}$ from Ravi and $\frac{1}{7}$ from Kumar. Calculate the new profit sharing ratio and sacrificing ratio.
- 29) Raja and Ravi are partners, sharing profits in the ratio of 3:2. They admit Ram for $\frac{1}{4}$ share of the profit. He takes $\frac{1}{20}$ share from Raja and $\frac{4}{20}$ from Ravi. Calculate the new profit sharing ratio and sacrificing ratio.
- 30) 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.

Part- III**ANSWER ANY QUESTIONS QNO 40 IS COMPULSORY****7 X 3 = 21**

- 31) Balu, Chandru and Nirmal are partners in a firm sharing profits and losses in the ratio of 5:3:2. On 31st March 2018, Nirmal retires from the firm. On the date of Nirmal's retirement, goodwill appeared in the books of the firm at 60,000. By assuming fluctuating capital account, pass the necessary journal entry if the partners decide to
- write off the entire amount of existing goodwill
 - write off half of the existing goodwill.
- 32) Sudha Ltd. offered 1,00,000 shares of 10 each to the public payable 3 on application, 4 on share allotment and the balance when required. Applications for 1,40,000 shares were received on which the directors allotted as:
- Applicants for 60,000 shares - Full
- Applicants for 75,000 shares - 40,000 shares (excess money will be utilised for allotment)
- Applicants for 5,000 shares - Nil
- All the money due was received. Pass journal entries upto the receipt of allotment.

•• DHOSTH GUIDES ••

- 33) Muthu Ltd. issued 50,000 shares of 10 each payable as follows; 2 on application; 4 on allotment; 4 on first and final call. All money were duly received except one shareholder holding 1,000 shares failed to pay the call money. Pass the necessary journal entries for calls by using calls in arrear account.
- 34) 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%

- 35) Calculate current ratio from the following information:
- | | |
|---------------------------|----------|
| Current investments | 80,000 |
| Trade creditors | 1,60,000 |
| Inventories | 1,60,000 |
| Bills payable | 1,00,000 |
| Trade receivables | 4,00,000 |
| Expenses payable | 1,40,000 |
| Cash and cash equivalents | 1,20,000 |
| Prepaid expenses | 40,000 |
- 36) From the given information calculate the inventory turnover ratio and inventory conversion period (in months) of Sania Ltd.
- | | |
|----------------------------------------|----------|
| Revenue from operations | 1,90,000 |
| Inventory at the beginning of the year | 40,000 |
| Inventory at the end of the year | 20,000 |
| Purchases made during the year | 90,000 |
| Carriage inwards | 10,000 |
- 37) Calculate operating profit ratio under the following cases.
- Case 1: Revenue from operations ₹ 10,00,000, Operating profit ₹ 1,50,000.
- Case 2: Revenue from operations ₹ 15,00,000, Operating cost ₹ 12,00,000.
- Case 3: Revenue from operations ₹ 20,00,000,
Gross profit 30% on revenue from operations,
Operating expenses 4,00,000.
- 38) From the following details of a business concern calculate net profit ratio.
- | | |
|------------------------------------|----------|
| Revenue from operations | 9,60,000 |
| Cost of revenue from operations | 5,50,000 |
| Office and administration expenses | 1,45,000 |
| Selling and distribution expenses | 25,000 |
- 39) What is working capital?
- 40) Explain how to view profit and loss statement in Tally.ERP 9.?

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Part - IV

ANSWER ALL THE QUESTIONS**7 X 5 = 35**

- 41) A) Pandian does not keep his books under double entry system. From the following information, prepare trading and profit and loss account and balance sheet as on 31-12-2018.

Particulars	1.1.2018	31.12.2018
Furniture	30,000	30,000
Cash in hand	10,000	17,000
Debtors	40,000	60,000
Stock	28,000	11,000
Bills receivable	12,000	35,100
Bank loan	25,000	25,000
Creditors	15,000	16,000

Cash sales	11,200
Credit sales	88,800
Cash purchases	4,250
Credit purchases	35,750
Carriage on purchases	3,000
Carriage on sales	700
Commission received	600
Interest on bank loan	2,500
Drawings	8,000
Additional capital	14,000
Salaries	8,900
Office rent	2,400

Adjustments: Write off depreciation of 5% on furniture. Create a provision of 1% on debtors for doubtful debts.

(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
Debtors	70,000	1,00,000
Stock	45,000	22,000
Bills receivable	20,000	38,000
Bank loan	45,000	45,000
Creditors	25,000	21,000

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

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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.

42) A) From the following Receipts and Payment Account of Trichy Recreation Club, prepare Income and Expenditure Account for the year ended 31.03.2018.

Receipts	Amount ₹	Payments	Amount ₹
To Opening balance		By Furniture purchased	10,000
Cash in hand	11,000	By Rent	2,800
To dividend received	27,600	By Secretary's honorarium	15,000
To Sale of old newspapers	3,000	By postage	1,700
To Member's Subscription	31,000	By General expenses	4,350
To locker rent	8,000	By Printing and stationery	45,000
To interest on investments	1,250	By Audit fee	5,000
To Sale of furniture (Book value ₹ 4,400)	5000	By Closing balance Cash in hand	3,000
	86,850		86,850

(Or)

B) From the information given below, prepare Receipts and Payments account of Madurai Mother Theresa Mahalir Mandram for the year ended 31st December, 2018.

Cash balance as on 1.1.2018	2,000
Fire Insurance premium paid	1,500
Bank balance as on 1.1.2018	3,000
Subscription received	8,500
Sale of old newspapers	500
Furniture purchased	6,000
Stationery purchased	6,000
Purchase of newspapers	700
Audit fees paid	2,000
Depreciation on furniture	900
Entrance fees received	3,000
Cash balance as on 31.12.2018	2,500
Sundry charges	6,000
Conveyance paid	1,000
Scholarships given	2,000
Sale of furniture	4,000
Interest on investments	2,000

43) A) Richard and Rizwan started a business on 1st January 2018 with capitals of 3,00,000 and 2,00,000 respectively. According to the Partnership Deed

- Interest on capital is to be provided @ 6% p.a.
- Rizwan is to get salary of 50,000 per annum.
- Richard is to get 10% commission on profit (after interest on capital and salary to Rizwan) after charging such commission.

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- (d) Profit-sharing ratio between the two partners is 3:2. During the year, the firm earned a profit of 3,00,000. Prepare profit and loss appropriation account. The firm closes its accounts on 31st December every year.

(Or)

- B) Dinesh and Sugumar entered into a partnership agreement on 1st January 2018, Dinesh contributing 1,50,000 and Sugumar 1,20,000 as capital. The agreement provided that:**

- (a) Profits and losses to be shared in the ratio 2:1 as between Dinesh and Sugumar.
 (b) Partners to be entitled to interest on capital @ 4% p.a.
 (c) Interest on drawings to be charged Dinesh: 3,600 and Sugumar: 2,200
 (d) Dinesh to receive a salary of 60,000 for the year, and
 (e) Sugumar to receive a commission of 80,000

During the year ended on 31st December 2018, the firm made a profit of 2,20,000 before adjustment of interest, salary and commission. Prepare the Profit and loss appropriation account.

- 44) A) Partnership firm earned net profits during the last three years as follows: 2016 : 20,000; 2017 : 17,000 2018 : 23,000**

The capital investment of the firm throughout the above mentioned period has been ₹ 80,000. Having regard to the risk involved, 15% is considered to be a fair return on capital employed in the business. Calculate the value of goodwill on the basis of 2 years purchase of super profit.

(Or)

- B) From the following information, compute the value of goodwill as per annuity method:**

- (a) Capital employed: 50,000
 (b) Normal rate of return: 10%
 (c) Profits of the years 2016, 2017 and 2018 were 13,000, 15,000 and 17,000 respectively.
 (d) The present value of annuity of Rs. 1 for 3 years at 10% is 2.4868.

- 45) A) Ameer and Raja are partners sharing profits in the ratio of 3:2. Their balance sheet is shown as under on 31.12.2018.**

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital accounts			Machinery		60,000
Ameer	80,000		Furniture		40,000
Raja	70,000	1,50,000	Debtors		30,000
Reserve fund		15,000	Stock		10,000
Sundry creditors		35,000	Prepaid insurance		40,000
			Cash at bank		20,000
		2,00,000			2,00,000

Rohit is admitted as a new partner who introduces a capital of ₹ 30,000 for his 1/5 share in future profits. He brings ₹ 10,000 for his share of goodwill. Following revaluations are made:

- (i) Stock is to be appreciated to 14,000
 (ii) Furniture is to be depreciated by 5%
 (iii) Machinery is to be revalued at ₹ 80,000

Prepare the necessary ledger accounts and the balance sheet after the admission.

(Or)

- B) Rosi, Rathi and Rani are partners of a firm sharing profits and losses equally. Rathi retired from the partnership on 1.1.2018. On that date, their balance sheet showed accumulated loss of 45,000 on the asset side of the balance sheet. Give the journal entry to distribute the accumulated loss.**

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46) A) Thai Ltd. issued 1,00,000 equity shares of ₹ 10 each, payable 5 on application, 2 on allotment, 2 on first call and 1 on final call. All the shares are subscribed and amount was duly received. Pass journal entries.

(Or)

B) Jenifer Ltd. issued 10,000 equity shares of ₹ 10 each at par payable on application 3 per share, on allotment 3 per share, on first call 2 per share and on second and final call 2 per share. The issue was fully subscribed and all the amounts were duly received with the exception of 100 shares held by Subbu, who failed to pay the second and final call. His shares were forfeited and reissued to Hema at ₹ 7 per share. Journalise the above transactions.

47) A) Thangam Ltd. issued 50,000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows:

On application 5

On allotment 5 (including premium)

On first and final call 2

Issue was fully subscribed and the amounts due were received except Priya to whom 500 shares were allotted who failed to pay the allotment money and first and final call money. Her shares were forfeited. All the forfeited shares were reissued to Devi at ₹ 8 per share. Pass journal entries.

(Or)

B) Vairam Ltd. issued 60,000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows:

On application 6

On allotment 4 (including premium)

On first and final call 2

Issue was fully subscribed and the amounts due were received except Saritha to whom 1,000 shares were allotted who failed to pay the allotment money and first and final call money. Her shares were forfeited. All the forfeited shares were reissued to Parimala at ₹ 7 per share. Pass journal entries

MODEL PAPER 12

Part - I

CHOOSE THE CORRECT ANSWER

20 X 1 = 20

- The total capitalised value of a business is 1,00,000; assets are 1,50,000 and liabilities are 80,000. The value of goodwill as per the capitalisation method will be
(a) 40,000 (b) 70,000 (c) 1,00,000 (d) 30,000
- Which of the following statements is true?
(a) Goodwill is an intangible asset (b) Goodwill is a current asset
(c) Goodwill is a fictitious asset (d) Goodwill cannot be acquired
- Profit after interest on drawings, interest on capital and remuneration is 10,500. Geetha, a partner, is entitled to receive commission @ 5% on profits after charging such commission. Find out commission
(a) 50 (b) 150 (c) 550 (d) 500
- Pick the odd one out
(a) Partners share profits and losses equally
(b) Interest on partners' capital is allowed at 7% per annum
(c) No salary or remuneration is allowed
(d) Interest on loan from partners is allowed at 6% per annum.

•• DHOSTH GUIDES ••

- 5) There are 500 members in a club each paying 100 as annual subscription. Subscription due but not received for the current year is 200; Subscription received in advance is 300. Find out the amount of subscription to be shown in the income and expenditure account
 a) 50,000 b) 50,200 c) 49,900 d) 49,800
- 6) Which of the following should not be recorded in the income and expenditure account?
 (a) Sale of old news papers (b) Loss on sale of asset
 (c) Honorarium paid to the secretary (d) Sale proceeds of furniture
- 7) 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
- 8) When capital in the beginning is 10,000, drawings during the year is 6,000, profit made during the year is 2,000 and the additional capital introduced is 3,000, find out the amount of capital at the end.
 (a) 9,000 (b) 11,000 (c) 21,000 (d) 3,000
- 9) 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
- 10) 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
- 11) A partner retires from the partnership firm on 30th June. He is liable for all the acts of the firm up to the
 (a) End of the current accounting period (b) End of the previous accounting period
 (c) Date of his retirement (d) Date of his final settlement
- 12) On retirement of a partner from a partnership firm, accumulated profits and losses are distributed to the partners in the
 (a) New profit sharing ratio (b) Old profit sharing ratio
 (c) Gaining ratio (d) Sacrificing ratio
- 13) The amount received over and above the par value is credited to
 (a) Securities premium account (b) Calls in advance account
 (c) Share capital account (d) Forfeited shares account
- 14) When shares are issued for purchase of assets, amount should be credited to
 (a) Vendor's A/c (b) Sundry assets A/c (c) Share capital A/c (d) Bank A/c
- 15) Which of the following tools of financial statement analysis is suitable when data relating to several years are to be analysed?
 a) Cash flow statement b) Common size statement
 c) Comparative statement d) Trend analysis
- 16) The financial statements do not exhibit
 a) Non-monetary data b) Past data c) Short term data d) Long term data
- 17) Current ratio indicates
 (a) Ability to meet short term obligations (b) Efficiency of management
 (c) Profitability (d) Long term solvency
- 18) Current assets excluding inventory and prepaid expenses is called
 (a) Reserves (b) Tangible assets (c) Funds (d) Quick assets
- 19) In which voucher type credit purchase of furniture is recorded in Tally
 (a) Receipt voucher (b) Journal voucher
 (c) Purchase voucher (d) Payment voucher
- 20) Which of the following options is used to view Trial Balance from Gateway of Tally?
 (a) Gateway of Tally -> Reports -> Trial Balance
 (b) Gateway of Tally -> Trial Balance
 (c) Gateway of Tally -> Reports -> Display -> Trial Balance
 (d) None of these

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Part - II

ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY**7 X 2 = 14**

- 21) How annual subscription is dealt with in the final accounts of not-for-profit organisation?
- 22) What is a partnership deed?
- 23) What is normal rate of return?
- 24) What is meant by revaluation of assets and liabilities?
- 25) What is working capital?
- 26) From the following details, calculate the capital as on 31st December 2018:
- | | |
|----------------------------------------------------|--------|
| Capital as on 1st January, 2018 | 27,500 |
| Goods taken for the personal use of the proprietor | 5,000 |
| Additional capital introduced during the year | 2,500 |
| Profit for the year | 10,000 |
- 27) How will the following items appear in the final accounts of a club for the year ending 31st March 2017? A club received subscription of 25,000 during the year 2016-17. This includes subscription of 2,000 for 2015-16 and 1,500 for the year 2016-17. Subscription of 500 is still outstanding for the year 2016-17
- 28) Chennai tennis club had Match fund showing credit balance of 24,000 on 1st April, 2018. Receipt to the fund during the year was 26,000. Match expenses incurred during the year was 33,000. How these items will appear in the final accounts of the club for the year ended 31st March, 2019?
- 29) Vennila and Eswari are partners. Vennila draws 5,000 at the beginning of each half year. Interest on drawings is chargeable at 4% p.a. Calculate interest on drawings for the year ending 31st December 2018 using average period.
- 30) Mathew is a partner who withdrew 20,000 during the year 2018. Interest on drawings is charged at 10% per annum. Calculate interest on drawings on 31st December 2018.

Part - III

ANSWER ANY SEVEN QUESTIONS QNO 40 IS COMPULSORY**7 X 3 = 21**

- 31) 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
 - in the middle of every month
 - at the end of every month
- 32) Calculate the value of goodwill at 5 years purchase of super profit from the following information:
- Capital employed: 1,20,000
 - Normal rate of profit: 20%
 - Net profit for 5 years: 2014: 30,000; 2015: 32,000; 2016: 35,000; 2017: 37,000; 2018: 40,000
 - Fair remuneration to the partners 2,800 per annum.
- 33) Praveena and Dhanya are partners sharing profits in the ratio of 7:3. They admit Malini into the firm. The new ratio among Praveena, Dhanya and Malini is 5:2:3. Calculate the sacrificing ratio.
- 34) Kavitha, Kumudha and Lalitha are partners sharing profits and losses in the ratio of 5:3:3 respectively. Kumudha retires from the firm on 31st December, 2018. On the date of retirement, her capital account shows a credit balance of 2,00,000. Pass journal entries if:
- The amount due is paid off immediately by cheque.
 - The amount due is not paid immediately.
 - 70,000 is paid immediately by cheque.
- 35) Maruthu Ltd. forfeited 150 equity shares of 10 each for non payment of final call of 4 per share. Of these 100 shares were reissued @ 9 per share. Pass journal entries for forfeiture and reissue.

•• DHOSTH GUIDES ••

36) From the following particulars of Kumar Ltd, prepare a common-size income statement for the year ended 31st March, 2018.

PARTICULARS	2017 -18
Revenue from operations	5,00,000
Other income	20,000
Expenses	3,00,000

37) From the following information, calculate trend percentages for Mullai Ltd.

PARTICULARS	in lakhs		
	2015 - 16	2016 - 17	2017 - 18
Revenue from operations	100	120	160
Other income	20	24	20
Expenses	20	14	40
Income tax	30%	30%	30%

38) From the following figures obtained from Kalpana Ltd, calculate the trade payables turnover ratio and credit payment period (in days).

Credit purchases during 2018 - 2019	1,00,000
Trade creditors as on 1.4.2018	20,000
Trade creditors as on 31.3.2019	10,000
Bills payable as on 1.4.2018	4,000
Bills payable as on 31.3.2019	6,000

- 39) The credit revenue from operations of Harini Ltd. amounted to 9,60,000. Its debtors and bills receivable at the end of the accounting period amounted to 1,00,000 and 60,000 respectively. Calculate trade receivable turnover ratio and also collection period in months.
- 40) Difference between preference shares and equity shares.

Part - IV

ANSWER ALL THE QUESTIONS

7 X 5 = 35

41) A) From the following trading activities of Jones Ltd. calculate

- (i) Gross profit ratio (ii) Net profit ratio
(iii) Operating cost ratio (iv) Operating profit ratio

Statement of Profit and loss

Particulars	Amount ₹
I. Revenue from operations	4,00,000
II. Other Income Income from investment	4,000
III. Total revenue (I +II)	4,04,000
IV. Expenses:	
Purchases of stock-in-trade	2,10,000
Changes in inventories	30,000
Finance costs	24,000
Other expenses (administration and selling)	60,000
Total expenses	3,24,000
V. Profit before tax (III - IV)	80,000

(Or)

•• DHOSTH GUIDES ••

B) Following is the extract of the balance sheet of Babu Ltd., as on 31st March, 2018:

Particulars	Amount ₹
I EQUITY AND LIABILITIES	
1. Shareholders' fund	
(a) Share capital	70,000
(b) Reserves and surplus	25,000
2. Non-current liabilities	
Long-term borrowings	30,000
3. Current liabilities	
(a) Trade payables	20,000
(b) Other current liabilities	15,000
(c) Short-term provisions	42,000
Total	2,02,000

Net profit before interest and tax for the year was ₹ 25,000. Calculate the return on capital employed for the year.

42) a) Kasthuri Ltd. had allotted 20,000 shares of 10 each at a premium of 2 each to applicants of 30,000 shares on a pro rata basis. The amount payable was 1 on application, 5 on allotment (including premium of 2 each) and 2 on first call and 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 @ 8 per share. Pass necessary journal entries.

(Or)

b) Nathiya Textiles Ltd. forfeited 100 shares of 10 each, 8 called up, on which Mayuri had paid application and allotment money of 6 per share. Of these 75 shares were re-issued to Soundarya by receiving 7 per share paid up as 8 per share. Pass journal entries for forfeiture and reissue.

43) a) Divya Ltd. allotted 10,000 equity shares of 10 each at a premium of 2 per share to applicants of 14,000 shares on a pro rata basis. The excess application money will be adjusted towards allotment money. The amount payable was 2 on application, 5 on allotment (including premium of 2 each) and 3 on first call and 2 on final call. Vikas, a shareholder failed to pay the first call and final call on his 300 shares. All the shares were forfeited and out of them 200 shares were reissued @ 9 per share. Pass the necessary journal entries.

(Or)

b) Rani, Jaya and Rathi are partners sharing profits and losses in the ratio of 2:2:1. On 31.3.2018, Rathi retired from the partnership. Profit of the preceding years is as follows: 2014: 10,000; 2015: 20,000; 2016: 18,000 and 2017: 32,000 Find out the share of profit of Rathi for the year 2018 till the date of retirement if

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

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

Also pass necessary journal entries by assuming partners capitals are fluctuating.

44) a) Deepak, Senthil and Santhosh are partners sharing profits and losses equally. They admit Jerald into partnership for 1/3 share in future profits. The goodwill of the firm is valued at 45,000 and Jerald brought cash for his share of goodwill. The existing partners withdraw half of the amount of their share of goodwill. Pass necessary journal entries for adjusting goodwill on the assumption that the fluctuating capital method is followed.

(Or)

•• DHOSTH GUIDES ••

- b) Anu and Arul were partners in a firm sharing profits and losses in the ratio of 4:1. They have decided to admit Mano into the firm for $\frac{2}{5}$ share of profits. The goodwill of the firm on the date of admission was valued at ₹ 25,000. Mano is not able to bring in cash for his share of goodwill. Pass necessary journal entry for goodwill on the assumption that the fluctuating capital method is followed.

45) a) 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	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital accounts			Machinery		30,000
Ragu	40,000		Stock		10,000
Sam	30,000	70,000	Furniture		10,000
Sundry creditors		30,000	Debtors	21,000	
Less: provision for bad & 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:

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

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

(Or)

b) Vetri and Ranjit are partners, sharing profits in the ratio of 3:2. Their balance sheet as on 31st December 2017 is as under:

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹
Capital accounts			Furniture	25,000
Vetri	30,000		Stock	20,000
Ranjith	20,000	50,000	Debtors	10,000
Reserve fund		5,000	Cash in hand	35,000
Sundry creditors		45,000	Profit and loss A/c (loss)	10,000
	1,00,000			1,00,000

On 1.1.2018, they admit Suriya into their firm as a partner on the following arrangements.

- Suriya brings 10,000 as capital for $\frac{1}{4}$ share of profit.
- Stock to be depreciated by 10%
- Debtors to be revalued at 7,500.
- Furniture to be revalued at 40,000.
- There is an outstanding wages of 4,500 not yet recorded.

Prepare revaluation account, partners' capital account and the balance sheet of the firm after admission.

•• DHOSTH GUIDES ••

46) a) From the following receipts and payments account of Tenkasi Thiruvalluvar Manram, prepare income and expenditure account for the year ended 31st March, 2019.

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d		By Salaries	20,000
Cash in hand	14,000	By Rent	24,000
To Interest received	5,000	By Travelling expenses	2,000
To Subscription	55,000	By Printing and stationery	6,000
To Legacies	48,000	By Investments made	50,000
To Entrance fees	7,000	By Sports equipment purchased	33,000
To Sale of furniture (Book value: ₹ 17,000)	16,000	By Balance c/d	
		Cash in hand	10,000
	1,45,000		1,45,000

(Or)

b) A, B, C and D are partners in a firm. There is no partnership deed. How will you deal with the following?

- A has contributed maximum capital. He demands interest on capital at 12% per annum.
- B has withdrawn 1,000 per month. Other partners ask B to pay interest on drawings @ 10% per annum to the firm. But, B does not agree to it.
- Loan advanced by C to the firm is ₹ 10,000. He demands interest on loan @ 9% per annum. A and B do not agree with this.
- D demands salary at the rate of ₹ 5,000 per month as he spends full time for the business. B and C do not agree with this.
- A demands the profit to be shared in the capital ratio. But, B, C and D do not agree.

47) a) Explain the six factors determining goodwill?

(Or)

b) Explain the calls in arrears and calls in advance?

MODEL PAPER - 13

Part - I

choose the correct answers

20 X 1 = 20

- Contra voucher is used for
 - Master entry
 - Withdrawal of cash from bank for office use
 - Reports
 - Credit purchase of assets
- Which is not the default group in Tally?
 - Suspense account
 - Outstanding expense
 - Sales account
 - Investments
- Salary account comes under which of the following head?
 - Direct Incomes
 - Direct Expenses
 - Indirect Incomes
 - Indirect Expenses
- ₹ 25,000 withdrawn from bank for office use. In which voucher type, this transaction will be recorded
 - Contra Voucher
 - Receipt Voucher
 - Payment Voucher
 - Sales Voucher

•• DHOSTH GUIDES ••

- 5) Match List I with List II and select the correct answer using the codes given below:
- | | |
|-------------------------------|-------------------------|
| List I | - List II |
| (i) Current ratio | - 1. Liquidity |
| (ii) Net profit ratio | - 2. Efficiency |
| (iii) Debt-equity ratio | - 3. Long term solvency |
| (iv) Inventory turnover ratio | - 4. Profitability |
- Codes: (i) (ii) (iii) (iv)
- (a) 1 4 3 2 (b) 3 2 4 1 (c) 4 3 2 1 (d) 1 2 3 4
- 6) 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)
- 7) Proportion of share holder's funds to total assets is called
- (a) Proprietary ratio (b) Capital gearing ratio
- (c) Debt equity ratio (d) Current ratio
- 8) Which one of the following is not correctly matched?
- (a) Liquid ratio – Proportion (b) Gross profit ratio – Percentage
- (c) Fixed assets turnover ratio – Percentage (d) Debt-equity ratio – Proportion
- 9) Which of the following tools of financial statement analysis is suitable when data relating to several years are to be analysed?
- a) Cash flow statement b) Common size statement
- c) Comparative statement d) Trend analysis
- 10) The financial statements do not exhibit
- a) Non-monetary data b) Past data
- c) Short term data d) Long term data
- 11) 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
- 12) After the forfeited shares are reissued, the balance in the forfeited shares account should be transferred to
- (a) General reserve account (b) Capital reserve account
- (c) Securities premium account (d) Surplus account
- 13) The amount received over and above the par value is credited to
- (a) Securities premium account (b) Calls in advance account
- (c) Share capital account (d) Forfeited shares account
- 14) Which of the following statement is false?
- (a) Issued capital can never be more than the authorised capital
- (b) In case of under subscription, issued capital will less than subscribed capital
- (c) Reserve capital can be called at the time of winding up
- (d) Paid up capital is part of called up capital
- 15) When shares are issued for purchase of assets, amount should be credited to
- (a) Vendor's A/c (b) Sundry assets A/c
- (c) Share capital A/c (d) Bank A/c.
- 16) Match the pair and identify the correct option
- | | | |
|------------------------|---|---------------------------------------------|
| (1) Under subscription | - | (i) Amount prepaid for calls |
| (2) Over subscription | - | (ii) Subscription above the offered shares |
| (3) Calls in arrear | - | (iii) Subscription below the offered shares |
| (4) Calls in advance | - | (iv) Amount unpaid on calls |
- Codes: (1) (2) (3) (4)
- (a) (i) (ii) (iii) (iv) (b) (iv) (iii) (ii) (i) (c) (iii) (ii) (iv) (i) (d) (iii) (iv) (i) (ii)

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- 17) A partner retires from the partnership firm on 30th June. He is liable for all the acts of the firm up to the
- (a) End of the current accounting period (b) End of the previous accounting period
(c) Date of his retirement (d) Date of his final settlement
- 18) On retirement of a partner from a partnership firm, accumulated profits and losses are distributed to the partners in the
- (a) New profit sharing ratio (b) Old profit sharing ratio
(c) Gaining ratio (d) Sacrificing ratio
- 20) On revaluation, the increase in liabilities leads to
- (a) Gain (b) Loss (c) Profit (d) None of these

Part - II

ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY

7 X 2 = 14

- 21) what is retirement of partner?
22) What is income and expenditure?
23) Write a short note on accounting voucher?
24) What is over subscription?
25) What is accounting reports?
26) From the following particulars ascertain profit or loss
- | | |
|-------------------------------------------------------|----------|
| Capital at the beginning of the year (1st april 2018) | 5,00,000 |
| Capital at the end of the year(31st march 2019) | 8,50,000 |
| Additional capital introduced during the year | 1,20,000 |
| Drawings during the year | 70,000 |
- 27) Shankar is a partner in a partnership firm .As per the partnership deed interest on drawings is charged at 6% per annum.During the year ended 31st December 2018 he withdrew as follows

DATE	Rs
February 1	2,000
May 1	10,000
July 1	4,000
October 1	6,000

- 28) A,B,C,are partners sharing profit in the ratio of 3:5:7 c retires and the share is purchased by a and b in the ratio of 3:1 find the new profit sharing ratio.
29) Kesavan and rajan are partners.Kesavan draws Rs 10,000 at the end of each quarter .Interest on drawings is chargeable at 6% p.a .Calculate interest on drawings for the year ending 31st march 2019 using average period.
30) What is revaluation account?

Part - III

ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY

- 31) What are the difference between fixed capital and fluctuating capital?
32) Give the journal entries for revaluation account?
33) Write a short note on cash flow statement?
34) Write a short note on calls in arrears?
35) What are the pre determined ledger in Tally ERP?
36) From the following particulars, prepare bills receivable account and compute the bills received from the debtors.
- | | |
|------------------------------------|--------|
| Opening bills receivable | 20,000 |
| Closing bills receivable | 30,000 |
| Cash received for bills receivable | 60,000 |
| Bills receivable dishonoured | 5,000 |

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- 37) From the following details calculate the printing and stationery to be debited to Income and Expenditure Account for the year ending 31st March, 2018 and also show how it will appear in the Balance Sheet as on 31st March, 2018.

Amount paid for stationery during 2017- 2018	1,500
Stock of stationery on 1st April, 2017	300
Stock of stationery on 31st March, 2018	200

- 38) Arul is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 12% p.a. During the year ended 31st December 2018 he drew as follows:

March 1	3,000
June 1	3,000
September 1	3,000
December 1	3,000

Calculate the amount of interest on drawings.

- 39) From the following information, calculate the value of goodwill based on 3 years purchase of super profit

- (i) Capital employed: 2,00,000
(ii) Normal rate of return: 15%
(ii) Average profit of the business: 42,000

- 40) Hari, Madhavan and Kesavan are partners, sharing profits and losses in the ratio of 5:3:2. As from 1st April 2017, Vanmathi is admitted into the partnership and the new profit sharing ratio is decided as 4:3:2:1. The following adjustments are to be made.

- (a) Increase the value of premises by 60,000.
(b) Depreciate stock by 5,000, furniture by 2,000 and machinery by 2,500.
(c) Provide for an outstanding liability of 500.

Pass journal entries and prepare revaluation account.

Part - IV**ANSWER ALL THE QUESTIONS****7 X 5 = 35****41) A) Find out the value of goodwill by capitalising super profits:**

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

(Or)

B) From the following information, find out the value of goodwill by capitalisation method:

- (i) Average profit 20,000
(ii) Normal rate of return 10%
(iii) Tangible assets of the firm 2,20,000
(iv) Liabilities of the firm 70,000

42) A) Seenu and Siva are partners sharing profits and losses in the ratio of 5:3. In the view of Kowsalya admission, they decided

- (a) To increase the value of building by 40,000.
(b) To bring into record investments at 10,000, which have not so far been brought into account.
(c) To decrease the value of machinery by 14,000 and furniture by 12,000.
(d) To write off sundry creditors by 16,000.

Pass journal entries and prepare revaluation account.

(Or)

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- B) Arun and Barath are partners sharing profits and losses 5:4. They admit Dhamu into partnership. The new profit sharing ratio is agreed at 1:1:1. Dhamu's share of goodwill is valued at ₹ 15,000 of which he pays ₹ 10,000 in cash. Pass necessary journal entries for adjustment of goodwill on the assumption that the fluctuating capital method is followed.
- 43) A) Rathna, Baskar and Ibrahim are partners sharing profits and losses in the ratio of 2:3:4 respectively. Rathna died on 31st December, 2018. Final amount due to her showed a credit balance of ₹ 1,00,000. Pass journal entries if,
- The amount due is paid off immediately by cheque.
 - The amount due is not paid immediately.
 - ₹ 60,000 is paid immediately by cheque.

(Or)

B) Difference between sacrificing ratio and gaining ratio?

- 44) a) Thangam Ltd. issued 50,000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows:

On application ₹ 5

On allotment ₹ 5 (including premium)

On first and final call ₹ 2

Issue was fully subscribed and the amounts due were received except Priya to whom 500 shares were allotted who failed to pay the allotment money and first and final call money. Her shares were forfeited. All the forfeited shares were reissued to Devi at ₹ 8 per share. Pass journal entries.

(Or)

- b) Anjali Flour Ltd. with a registered capital of ₹ 4,00,000 in equity shares of ₹ 10 each, issued 30,000 of such shares; payable ₹ 2 per share on application, ₹ 5 per share on allotment and ₹ 3 share on first call. The issue was duly subscribed. All the money payable was duly received but on allotment, one shareholder paid the entire balance on his holding of 500 shares. Give journal entries to record the transactions.

- 45) a) Prepare common-size balance sheet of Sharmila Ltd. and Sangeetha Ltd. as on 31st March, 2019.

Particulars	Sharmila Ltd	Sangeetha Ltd
I EQUITY AND LIABILITIES		
Shareholders' fund	5,00,000	11,00,000
Non-current liabilities	4,00,000	7,00,000
Current liabilities	1,00,000	2,00,000
Total	10,00,000	20,00,000
II ASSETS		
Non-current assets	6,50,000	18,00,000
Current assets	3,50,000	2,00,000
Total	10,00,000	20,00,000

(Or)

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b) Calculate trend percentages for the following particulars of Palai Ltd.

Particulars	in lakhs		
	YEAR – I	YEAR – II	YEAR – III
I EQUITY AND LIABILITIES			
Shareholders' fund	250	275	300
Non-current liabilities	100	125	100
Current liabilities	50	40	80
Total	400	440	480
II ASSETS			
Non-current assets	300	360	390
Current assets	100	80	90
Total	400	440	480

46) a) Simon Ltd issued 50,000 equity shares of 10 each at par payable on application 1 per share, on allotment 5 per share, on first call 2 per share and on second and final call 2 per share. The issue was fully subscribed and all the amounts were duly received with the exception of 2,000 shares held by Chezhan, who failed to pay the second and final call. His shares were forfeited and reissued to Elango at 8 per share. Journalise the above transactions.

(Or)

b) United Industries Ltd. issued shares of 10 each at 10% premium payable 3 on application, 4 on allotment (including premium), 2 on first call and 2 on second and final call. Journalise the transactions relating to forfeiture of shares for the following situations:

- Manoj who holds 250 shares failed to pay the second and final call and his shares were forfeited.
- Manoj who holds 250 shares failed to pay the allotment money and first call and second and final call and his shares were forfeited.
- Manoj who holds 250 shares failed to pay the allotment money and first call money and his shares were forfeited after the first call.

47) a) From the information given below, prepare Receipts and Payments account of Coimbatore Cricket Club for the year ending 31st March, 2019.

Bank overdraft (1.4.2018)	6,000
Honorarium paid	2,800
Cash in hand (1.4.2018)	1,000
Water and electricity charges	700
Wages paid for ground maintenance	2,000
Match expenses	2,600
Subscription received:	
Previous year 500	
Current year 9600	
Subsequent year 400	10,500
Sports material purchased 1,	900
Previous year	500
Match fund receipts	5,200
Current year	9,600

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Bank overdraft (1.4.2018)	6,000
Legacies received	2,000
Subsequent year	400
Cash balance (31.03.2019)	300
Wages yet to be paid	2,200
Donation received for pavilion	2,000
Interest on loan paid	2,000

(Or)

b) Explain any five applications of computerised accounting system.

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