

Time : 3 Hours

ACCOUNTANCY FULL-PORTION Marks : 90

## Part - A

## I. Choose the Correct Answer

20 x 1 = 20

1. 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
2. Which one of the following item is not a method/tood of analysis of financial statements?
  - a) Trend Analysis
  - b) Statement of Affairs
  - c) Cash Flow Statement
  - d) Comparative Statements
3. Donations received for a specific purpose is .....
  - a) Revenue Receipt
  - b) Capital Receipt
  - c) Revenue expenditure
  - d) Capital Expenditure
4. There are 500 members in a club each paying Rs.100 as annual subscription. Subscription due but not received for the current years is Rs.200; Subscription received in advance is Rs.300. Find out the amount of subscription to be shown in the income and expenditure account.
  - a) Rs.50,000
  - b) Rs.50,200
  - c) 49,999
  - d) 49,800
5. Match List I with List II and select the correct answer using the codes given below :

## List I

- (i) Sacrificing ratio
- (ii) Old profit sharing ratio
- (iii) Revaluation Account
- (iv) Capital Account

## List II

1. Investment fluctuation fund
2. Accumulated profit
3. Goodwill
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	2	4

6. From the following statement(s) which one is not true regarding partnership firm :
1. When fixed capital method is adopted by a firm, current accounts are opened for each partner apart from the capital account of each partner.
  2. Goodwill based on capitalisation of average profit method and capitalisation of super profit method will give the same amount of goodwill.
  3. When the new partner brings only a part of the goodwill in cash, we should credit New Partner's capital A/c
  4. On admission of a partner, the accumulated profits, accumulated losses and reserves before admission are to be distributed to the existing partners in the old ratio.
- a) 1 Only                      b) 2 Only                      c) 3 Only                      d) Above all
7. 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) 1:27
8. '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
9. 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 - Deited to capital account
  - d) Share of profit - Credited to capital account
10. In the absence of an agreement, partners are entitled to
- a) Salary                      b) Commission                      c) Interest on loan                      d) Interest of capital
11. Book profit of 2017 is Rs.35,000; non-recurring income included in the profit is Rs.1,000 and abnormal loss charged in the year 2017 was Rs.2,000, then the adjusted profit is
- a) Rs.36,000                      b) Rs.35,000                      c) Rs.38,000                      d) Rs.34,000
12. If the credit side of the receipts and payments account exceeds the debit side the balance represents :
- a) Bank charges                      b) Commission                      c) Bank overdraft                      d) Interest

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                 |
- (A) (i) (ii) (iii) (iv)  
 (B) (iv) (iii) (ii) (i)  
 (C) (iii) (ii) (iv) (i)  
 (D) (iii) (iv) (i) (ii)
14. Supreme Ltd. forfeited 100 shares of Rs.10 each for non-payment of final call of Rs.2 per share. All these shares were re-issued at Rs.9 per share. What amount will be transferred to capital reserve account?
- a) Rs.700                      b) Rs.800                      c) Rs.900                      d) Rs.1,000
15. Which one of the following item is not a correct :
- Total purchases = Cash purchases + Credit purchases
  - Share gained = New share + Old share
  - When the number of shares subscribed is less than the number of shares offered, it is known as over subscription.
  - Trend analysis refers to the study of movement of figures over a period.
- a) 1 Only                      b) 2 Only                      c) 2,3 Only                      d) 3,4 Only
16. The term 'fund' refers to
- a) Current liabilities                      b) Working capital  
 c) Fixed assets                      d) Non-current assets
17. To test the liquidity of a concern, which of the following ratios are useful?
- a) Quick ratio                      b) 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)
18. 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
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

## Part - B

7 x 2 = 14

## II. Answer any seven questions

Question No.30 is compulsory.

21. What is meant by incomplete records?
22. How will the following items appear in the final accounts of a sports club?

Particulars	Rs.
Stock of sports materials (01.04.2018)	3000
Sports materials purchases during current year	9000
Sale of old sports materials during current year	500
Stock of sports materials (31.03.2019)	4000

23. Jayaraman is a partner who withdrew Rs.10,000 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.
24. State any two circumstances under which goodwill of a partnership firm is valued.
25. What is sacrificing ration?
26. 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 Rs.60,000. Pass the journal entry to transfer the general reserve.
27. Anitha was holding 500 equity shares of Rs.10 each of Thanjavur Motors Ltd, issued at par. She paid Rs.3 on application, Rs.5 on allotment but could not pay the first and final call of Rs.2. The directors forfeited the shares for non payment of call money. Give Journal entry for forfeiture of shares.
28. State any five accounting reports.
29. Calculate quick ratio : Total current liabilities Rs.2,40,000; Total current assets Rs.4,50,000; Inventories Rs.70,000; Prepaid expenses Rs.20,000.
30. From the following particulars, prepare comparative income statement of Tharun Co.Ltd.

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

## Part - C

- II. Answer any seven questions  
Question No.40 is compulsory.

7 x 3 = 21

31. From the following particulars calculate total purchases.

Particulars	Rs.	Particulars	Rs.
Sundry creditors on 1st January, 2020	30,000	Purchases returns	15,000
Bills payable on 1st January, 2022	25,000	Cash purchases	2,25,000
Paid cash to creditors	1,20,000	Creditors on 31st December, 2022	25,000
Paid for bills payable	30,000	Bills payable on 31st December, 2022	20,000

32. List down any six expenses relevant for a recreation club.
33. State the differences between fixed capital method and fluctuating capital method.
34. Explain any three applications of computerised accounting system.
35. Abarna and Priya are partners sharing profits and losses in the ratio of 5:4. They admit Brindha into partnership for 1/3 share of profit. Brindha pays cash Rs.6,000 towards her share of goodwill. The new ratio is 3:2:1. Pass necessary journal entry for adjusting goodwill on the assumption that the fixed capital method is followed.
36. Rajan Ltd., purchased machinery of Rs.6,00,000 from Jagan Traders. It issued equity shares of Rs.10 each fully paid in satisfaction of their claim. What entries will be made if such issue is made :  
(a) at a premium of 50%
37. Navin, Ravi and Kumar are partners sharing profits in the ratio of 1/2, 1/4 and 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.
38. From the following particulars of Mani Ltd and Kani Ltd prepare a common-size income statement for the year ended 31st March, 2019.

Particulars	Mani Ltd (Rs.)	Kani Ltd (Rs.)
Revenue from operations	2,00,000	2,50,000
Other income	30,000	25,000
Expenses	1,10,000	1,25,000

39. 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 profit Rs.14,00,000

40. From the following information, find out the value of goodwill by capitalisation method :

a) Average profit = Rs.60,000

b) Normal rate of return = 10%

c) Capital employed = Rs.4,50,000

### Part - IV

II. Answer all questions

7 x 5 = 35

**Question No.40 is compulsory.**

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

Particulars	Rs.	Particulars	Rs.
Debtors on 01.04.2018	2,50,000	Bills receivable dishonoured	15,000
Bills receivable 01.04.2018	60,000	Returns inward	50,000
Cash received from debtors	7,25,000	Bills Receivable on 31.3.2019	90,000
Cash Received for B/R	1,60,000	Debtors on 31.3.2019	2,40,000
Bad debts	30,000	Cash Sales	3,15,000

b) Radha Ltd. Issued Rs.25,000 equity shares of Rs.10 each to the public at par. The details of the amount payable on the shares are as follows.

On application Rs.3

On allotment Rs.4

On first and final call Rs.3

Application money was received on Rs.35,000 shares. Excess application money was refunded immediately. Pass journal entries to record the above.

42. a) Raju does not keep proper books of accounts. Following details are taken from his records

Particulars	1.1.2018	31.12.2018
Cash at Bank		
Stock of goods	80,000	90,000
Debtors	1,80,000	1,40,000
Sundry creditors	90,000	2,00,000
Bank loan	1,30,000	1,95,000
Bills payable	60,000	60,000
Plant and machinery	80,000	45,000
	1,70,000	1,70,000

During the year he introduced further capital of Rs.50,000 and withdrew Rs.2,500 per month from the business for his personal use. Prepare Statement of profit or loss with the above information.

(or)

- b) Sai and Shankar are partners, sharing profits and losses in the ratio of 5:3. The firm's balance sheet as on 31st December, 2017, was as follows.

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital accounts :			Buildings		34,000
Sai	48,000		Furniture		6,000
Shankar	40,000	88,000	Investments		20,000
Creditors		37,000	Debtors	40,000	
Outstanding wages		8,000	Less : Provision for bad Debts	3,000	37,000
			Bills receivables		12,000
			Stock		16,000
			Bank		8,000
		1,33,000			1,33,000

On 31st December, 2017 Shanmugam was admitted into the partnership for  $\frac{1}{4}$  share of profit with Rs.12,000 as capital subject to the following adjustments.

- Furniture is to be revalued at Rs.5,000 and building is to be revalued at Rs.50,000
- Provision for doubtful debts is to be increased to Rs.5,500
- An unrecorded investment of Rs.6,000 is to be brought into account
- An unrecorded liability Rs.2,500 has to be recorded now.

Pass Journal entries and prepare Revaluation Account and capital account of partners after admission.

43. a) Jenifer Ltd., Issued 10,000 equity shares of Rs.10 each at per payable on application Rs.3 per share, on allotment Rs.3 per share, on first call Rs.2 per share and on second and final call Rs.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 Rs.7 per share. Journalise the above transactions.

(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	Rs.	Payments	Rs.
To opening balance cash	11,000	By Furniture purchase	10,000
To Dividend received	27,600	By Rent	2,800
To Sale of old newspaper	3,000	By Secretary's honorarium	15,000
To Members subscription	38,000	By postage	1,700
To Locker rent	1,000	By General Expenses	4,350
To Interest in investment	1,250	By Printing and stationary	45,000
To Sale of furniture	5,000	By Audit fees	5,000
(Book Value 4,400)		By Closing balance cash	3,000
	86,450		86,450

44. a) From the following balance sheets of Subha and Sudha who share profits and losses in 2:3, calculate the interest on capital at 5% p.a. for the year ending 31st Dec, 2018.

**Balance sheet as on 31st Dec 2018**

Liabilities	Rs.	Rs.	Assets	Rs.
Capital accounts			Fixed Assets	70,000
Subha	40,000		Current assets	50,000
Sudha	60,000	1,00,000		
Current Liabilities		20,000		
		1,20,000		1,20,000

Drawings of Subha and Sudha during the year were Rs.8,000 and Rs.10,000 respectively. Profit earned during the year was Rs.30,000.

(or)



- b) 1. What are accounting reports?  
2. Mention the commonly used voucher types in Tally. ERP.9.

45. a) From the following particulars, calculate the trend percentages of babu Ltd.

Particulars	In Thousands		
	Year 1	Year 2	Year 3
<b>I. EQUITY AND LIABILITIES</b>			
Shareholder's Fund			
Share capital	100	127	106
Reserves and surplus	30	30	45
Non-current liabilities : Long-term borrowings	70	77	84
1. Current Liabilities : Trade payables	20	30	40
<b>Total</b>	<b>220</b>	<b>264</b>	<b>275</b>
<b>II. ASSETS</b>			
Non-current assets			
a) Fixed assets	100	118	103
b) Non-current Inventories	40	50	60
1. Current assets			
Inventories	60	66	72
Cash and cash equivalents	20	30	40
<b>Total</b>	<b>220</b>	<b>264</b>	<b>275</b>

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 Rs.20,000 and Rs.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 charges to Arulappan and Nallasamy are Rs.200 and Rs.300 respectively.  
c) The net profit of the firm before considering interest on capital and interest on drawings amounted to rs.18,000

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

46. a) From the following Balance Sheet of Kumar Ltd. As on 31.03.2019 calculate  
(i) Debt-equity ratio (ii) Proprietary ratio (iii) Capital gearing ratio.

**Balance Sheet of Kumar Ltd., as on 31.03.2019**

Particulars	Amount (Rs.)
<b>I. Equity and Liabilities</b>	
1. Shareholders' Fund	
a) Share capital	
Equity share capital	2,50,000
6% Preference share capital	2,00,000
b) Reserve and surplus	1,50,000
2. Non-current liabilities	
Long-term borrowings (8% Debentures)	3,00,000
3. Current Liabilities	
Short-term borrowings from banks	2,00,000
Trade payables	1,00,000
<b>Total</b>	<b>12,00,000</b>
<b>II. Assets</b>	
1. Non-current Assets	
a) Fixed assets	8,00,000
2. Current assets	
a) Inventories	1,20,000
b) Trade receivables	2,65,000
c) Cash and Cash equivalents	10,000
d) Other current assets	
Expenses paid in advance	5,000
<b>Total</b>	<b>12,00,000</b>

46. b) Differentiate Sacrificing ratio and Gaining ratio.
47. a) Find out the value of goodwill by capitalising super profits.
- Normal Rate of Return 10%
  - Profits for the last four years are Rs.30,000, Rs.40,000, Rs.50,000 and Rs.45,000
  - a non-recurring income of Rs.3,000 is included in the above mentioned profit of Rs.30,000
  - average capital employed is Rs.3,00,000

(or)

b) Saran, Arun and Karan are partners in a firm sharing profits and losses in the ratio of 4:3:3. Their balance sheet as on 31st December 2016 is as under :

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital accounts			Buildings		60,000
Saran	60,000		Machinery		40,000
Arun	50,000		Investments		20,000
Karan	50,000	1,50,000	stock		12,000
General Reserve		15,000	Debtors	25,000	
Sundry creditors		35,000	Less : Provision for bad debts.	1,000	24,000
			Cash in hand		44,000
		2,00,000			2,00,000

Karan retires on 1.1.2017, subject the following conditions.

1. Goodwill of the firm is valued at Rs.21,000.
2. Machinery to be appreciated by 10%
3. Building to be valued at Rs.80,000
4. Provision for bad debts to be raised to Rs.2,000.
5. Stock to be depreciated by Rs.2,000 not yet recorded.
6. Final amount due to Karan is not paid immediately.

Prepare the necessary ledger accounts and show the balance sheet of the firm after retirement.

13. TAMILKUMARAN, PG-Commerce  
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