

DIRECTORATE OF GOVERNMENT EXAMINATIONS, CHENNAI – 6
HIGHER SECONDARY SECOND YEAR EXAMINATION- MARCH -2020
ACCOUNTANCY KEY ANSWER (NEW SYLLABUS)

NOTE:

1. Answers written with **Blue or Black** ink only to be evaluated.
2. Choose the correct answer and write with option code.

MAXIMUM MARKS : 90

PART - A

ONE WORD ANSWER KEY

20 x 1 = 20

I	Choose the Correct Answer (Note : Answer given in alphabet order may also be given marks) (20x1=20)	
1.	c	Capital
2.	c	Nominal Account
3.	d	Adjusted Closing Capital
4.	b	Rs. 50,000
5.	b	Not allowed
6.	a	Fixed Capital method
7.	c	Current Account
8.	c	Sacrificing ratio
9.	d	Share Capital Account
10.	a	Reserve capital
11.	c	Rs.3,000
12.	b	Non-monetary data
13.	d	(1)-(iii), (2)-(ii), (3)-(iv), (4)-(i)
14.	c	Current assets
15.	b	(1)-(i), (2)-(iv), (3)-(iii), (4)-(ii)
16.	c	Journal Voucher
17.	a	Goodwill under annuity = Average profit x Present value annuity factor
18.	d	Gateway of Tally ->Reports->Display->Trial Balance
19.	d	Old profit sharing ratio
20.	c	110%

PART-B**(7X2=14)****Answer any seven questions in which question No.30 is compulsory.**

Q.NO	CONTENT	MARKS
21	Incomplete Records (or) Single Entry system : When accounting records are not strictly maintained according to double entry system, these records are called incomplete accounting records.	1 1
22	(any four)	2
23	Interest on drawings : $30000 \times 4/12 \times 6/100 = 600$ Mani's capital A/c Dr 600 To Interest on Drawings A/c 600	1 1
24	It is the goodwill which is self generated by a firm based on features of the business such as favourable location, loyal customers, etc.	2
25	$\begin{aligned} \text{Average profit} &= \frac{\text{Total profit}}{\text{Number of years}} \\ &= \frac{8000 + 10000 + 9000}{3} \\ &= \frac{27000}{3} \\ \text{Average profit} &= \text{Rs. 9000} \end{aligned}$	1 1
26	Sacrifice ratio = Old profit share – New profit share $\begin{aligned} \text{Anbu} &= \frac{3}{5} - \frac{5}{10} = \frac{6-5}{10} = \frac{1}{10} \\ \text{Raju} &= \frac{2}{5} - \frac{3}{10} = \frac{4-3}{10} = \frac{1}{10} \\ \text{Sacrifice ratio} &= 1 : 1 \end{aligned}$	1 1

27	<p>Super Profit = Average profit – Normal profit = 14000 – 4000 = 10000</p> <p>Goodwill = Super profit x value of annuity = 10000 x 3.352 = 33520</p>	<p>1</p> <p>1</p>												
28	<table><tr><td>Bank a/c</td><td>Dr</td><td>1,20,000</td><td></td></tr><tr><td></td><td>To Share capital a/c</td><td></td><td>1,00,000</td></tr><tr><td></td><td>To Security premium a/c</td><td></td><td>20,000</td></tr></table>	Bank a/c	Dr	1,20,000			To Share capital a/c		1,00,000		To Security premium a/c		20,000	2
Bank a/c	Dr	1,20,000												
	To Share capital a/c		1,00,000											
	To Security premium a/c		20,000											
29	<p>1. Day books / Journal 2. Ledger 3. Trial balance 4. Income statement 5. Balance sheet 6. Cash flow statement (Any five)</p>	2												
30	<p>Liquidity means capability of being converted into cash with ease.</p> <p>1. Current ratio 2. Quick ratio</p>	<p>1</p> <p>1</p>												

PART-C

(7X3=21)

Answer any seven questions in which question No.40 is compulsory.

31	<table> <tr> <td></td><td>Rs.</td><td></td></tr> <tr> <td>Closing capital</td><td>35000</td><td></td></tr> <tr> <td>Add : Drawings</td><td>5000</td><td></td></tr> <tr> <td></td><td>-----</td><td></td></tr> <tr> <td></td><td>40000</td><td></td></tr> <tr> <td>Less: Additional capital</td><td>2500</td><td></td></tr> <tr> <td></td><td>-----</td><td></td></tr> <tr> <td>Adjusted closing capital</td><td>37500</td><td></td></tr> <tr> <td>Less: opening capital</td><td>27500</td><td></td></tr> <tr> <td></td><td>-----</td><td></td></tr> <tr> <td>Profit</td><td>10000</td><td></td></tr> <tr> <td></td><td>-----</td><td></td></tr> <tr> <td colspan="3">Note Mark will be awarded any one method</td></tr> </table>		Rs.		Closing capital	35000		Add : Drawings	5000			-----			40000		Less: Additional capital	2500			-----		Adjusted closing capital	37500		Less: opening capital	27500			-----		Profit	10000			-----		Note Mark will be awarded any one method			3
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Profit	10000																																								

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32	Total Creditors Account				2		
	Dr		Cr				
	Particulars	Rs	Particulars	Rs			
	To Cash A/c	120000	By Balance b/d	30000			
	To Purchase Return A/c	15000	By Purchases (Credit)	130000			
	To Balance c/d	25000		-----			
		160000		160000			
	Total purchases = Cash purchases + Credit purchases Rs.3,55,000 = Rs.2,25,000 + Rs.1,30,000				1		
33	Salem Sports Club - Balance Sheet as on April 01, 2019				3		
	Liabilities		Rs.	Assets		Rs.	
	Prize fund	10000	Sports equipment	30000			
	Subscription received in advance	8000	Computer	25000			
			Prize fund Investments	10000			
	Capital fund (b/f)	80000	Cash in hand	7000			
			Cash at bank	21000			
			Outstanding subscription	5000			
		98000		98000			
	34	Fixed Capital		Fluctuating Capital		3	
		1. Two accounts are maintained 1.Capital account 2.Current account		Only one account – Capital account			
2. The amount of capital normally remains unchanged except such circumstances		The amount of capital changes from period to period					
3. Capital a/c shows credit balance, Current account shows either debit or credit balance		Capital account generally shows credit balance. It may also shows a debit balance					
4. All adjustments are done in current account		All adjustments are done in capital account					

35	<div><div>Total profit</div><div>Average profit = $\frac{\text{-----}}{\text{Number of years}}$</div><div>$\frac{20000 + 17000 + 23000}{3}$</div><div>$\frac{60000}{3}$</div><div>Average profit = 20000</div><div>Normal profit = Capital employed x Normal rate of return</div><div>$= 80000 \times 15 / 100$</div><div>= 12000</div><div>Super profit = Average profit - Normal profit</div><div>$= 20000 - 12000$</div><div>= 8000</div><div>Goodwill = Super profit x No.of years of purchase</div><div>$= 8000 \times 2$</div><div>= 16000</div></div>	3																																																						
36	<table><tr><th colspan="2">Dr</th><th colspan="2">Revaluation A/c</th><th colspan="2">Cr</th></tr><tr><td></td><td></td><td>Rs</td><td></td><td></td><td>Rs</td></tr><tr><td>To Furniture A/c</td><td></td><td>12000</td><td>By Building a/c</td><td></td><td>70000</td></tr><tr><td>To Machinery A/c</td><td></td><td>14000</td><td>By Unrecorded Investments a/c</td><td></td><td>20000</td></tr><tr><td>To Revaluation profit</td><td></td><td></td><td>By Sundry Creditors A/c</td><td></td><td>16000</td></tr><tr><td> Seenu</td><td>50000</td><td></td><td></td><td></td><td></td></tr><tr><td> Siva</td><td>30000</td><td>80000</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td>-----</td><td></td><td></td><td>-----</td></tr><tr><td></td><td></td><td>106000</td><td></td><td></td><td>106000</td></tr></table>	Dr		Revaluation A/c		Cr				Rs			Rs	To Furniture A/c		12000	By Building a/c		70000	To Machinery A/c		14000	By Unrecorded Investments a/c		20000	To Revaluation profit			By Sundry Creditors A/c		16000	Seenu	50000					Siva	30000	80000						-----			-----			106000			106000	3
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38	<p style="text-align: center;">Gross profit</p> <p>Gross profit ratio = $\frac{\text{-----}}{\text{Revenue from operations}} \times 100$</p> <p style="text-align: center;">40000</p> <p style="text-align: center;">= $\frac{\text{-----}}{250000} \times 100$</p> <p>Gross profit ratio = 16%</p> <p>Gross profit = Revenue from operations - Cost of revenue from operations</p> <p style="text-align: center;">= 250000 - 210000</p> <p style="text-align: center;">= 40000</p>	<p style="text-align: center;">2</p> <p style="text-align: center;">1</p>
39	Tally has two predefined ledgers, 1. Cash a/c 2. Profit and Loss a/c	3
40	<p>1. Share allotment A/c Dr 200000</p> <p style="padding-left: 100px;">To share capital A/c 200000</p> <p>2. Bank A/c Dr 202000</p> <p style="padding-left: 100px;">To Share allotment A/c 200000</p> <p style="padding-left: 100px;">To Calls in advance A/c 2000</p>	3

PART-D

(7X5=35)

Answer all the questions:

Q.NO			MARKS																																					
41 (a)	Statement of affairs as on 31.03.2018		2																																					
	<table><thead><tr><th colspan="2">Liabilities</th></tr></thead><tbody><tr><td>Sundry creditors</td><td>170000</td></tr><tr><td>Opening Capital(b/f)</td><td>193000</td></tr><tr><td></td><td>-----</td></tr><tr><td></td><td>363000</td></tr><tr><td></td><td>-----</td></tr></tbody></table>	Liabilities		Sundry creditors	170000	Opening Capital(b/f)	193000		-----		363000		-----	<table><thead><tr><th colspan="2">Assets</th></tr></thead><tbody><tr><td>Cash at Bank</td><td>5000</td></tr><tr><td>Cash in Hand</td><td>3000</td></tr><tr><td>Stock of Goods</td><td>35000</td></tr><tr><td>Sundry Debtors</td><td>100000</td></tr><tr><td>Plant and Machinery</td><td>80000</td></tr><tr><td>Land & Building</td><td>140000</td></tr><tr><td></td><td>-----</td></tr><tr><td></td><td>363000</td></tr><tr><td></td><td>-----</td></tr></tbody></table>	Assets		Cash at Bank	5000	Cash in Hand	3000	Stock of Goods	35000	Sundry Debtors	100000	Plant and Machinery	80000	Land & Building	140000		-----		363000		-----						
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41 (b)	In the books of Chennai Sports Club																																																																																						
	Receipts and Payments Accounts for the year ended 31st Mar 2018																																																																																						
	<table><tr><td>Receipts</td><td></td><td>Payments</td><td></td><td></td></tr><tr><td>To Balance b/d :</td><td></td><td>By Interest paid</td><td>5000</td><td></td></tr><tr><td> Cash 10000</td><td></td><td>By Telephone</td><td></td><td></td></tr><tr><td> Bank 15000</td><td></td><td> Expenses</td><td>7000</td><td></td></tr><tr><td> -----</td><td>25000</td><td>By Upkeep of</td><td></td><td></td></tr><tr><td>To Life membership</td><td></td><td> grounds</td><td>22500</td><td></td></tr><tr><td> Fees</td><td>5500</td><td>By Bats and Balls</td><td></td><td></td></tr><tr><td>To Tournament fund</td><td></td><td> Purchased</td><td>13000</td><td></td></tr><tr><td> Receipts</td><td>15000</td><td>By Tournament</td><td></td><td></td></tr><tr><td>To Subscriptions</td><td></td><td> Expenses</td><td>12500</td><td>5</td></tr><tr><td> received</td><td></td><td></td><td></td><td></td></tr><tr><td> 2016-2017 - 4500</td><td></td><td>By Balance b/d :</td><td></td><td></td></tr><tr><td> 2017-2018 - 65000</td><td></td><td> Cash 5000</td><td></td><td></td></tr><tr><td> 2018-2019 - 5000</td><td></td><td> Bank b/f 55000</td><td></td><td></td></tr><tr><td> -----</td><td>74500</td><td> -----</td><td>60000</td><td></td></tr><tr><td></td><td>-----</td><td></td><td></td><td></td></tr><tr><td></td><td>120000</td><td></td><td>120000</td><td></td></tr></table>	Receipts		Payments			To Balance b/d :		By Interest paid	5000		Cash 10000		By Telephone			Bank 15000		Expenses	7000		-----	25000	By Upkeep of			To Life membership		grounds	22500		Fees	5500	By Bats and Balls			To Tournament fund		Purchased	13000		Receipts	15000	By Tournament			To Subscriptions		Expenses	12500	5	received					2016-2017 - 4500		By Balance b/d :			2017-2018 - 65000		Cash 5000			2018-2019 - 5000		Bank b/f 55000			-----	74500	-----	60000			-----					120000		120000		
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42 (a)	Bills Receivable account				
	Dr			Cr	
	<u>Particulars</u>		<u>Particulars</u>		
	To Balance b/d	40000	By Cash a/c	90000	
	To Debtors a/c (b/f)	90000	By Debtors a/c (Dishonoured)	10000	
			By Balance c/d	30000	
		-----		-----	2
		130000		130000	
		-----		-----	
	Dr			Cr	
	Total Debtors account				
	<u>Particulars</u>		<u>Particulars</u>		
	To Balance b/d		By Cash a/c	390000	
	To Bills receivable a/c	150000	By Sales return a/c	40000	
	(Dishonoured)	10000	By Bills receivable a/c	90000	
	To Sales a/c (b/f) (Credit)	490000	(Bills received)	130000	2
		-----	By Balance c/d	-----	
		650000		650000	
		-----		-----	
	Total sales = Cash sales + Credit sales				1
	690000 = 200000 + 490000				
	(Or)				

42(b)	<div> <div> <div>Current Assets</div> <div>Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$</div> <div> $= \frac{160000 + 320000 + 80000 + 40000}{50000 + 310000 + 15000 + 25000}$ $= \frac{600000}{400000}$ </div> </div> <div> <div>Current Ratio = 1.5:1</div> <div> <div>Quick Assets</div> <div>Quick Ratio = $\frac{\text{Quick Assets}}{\text{Current Liabilities}}$</div> <div> $= \frac{400000}{400000}$ </div> </div> <div> <div>Quick Ratio = 1 : 1</div> </div> </div> </div>	<div> <div>2x2 ½</div> <div>=5</div> </div>
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43 (a)	<div> <div>Income and expenditure account for the year ended Mar 31,2019</div> <div> <div>Dr</div> <div>Cr</div> <table> <tr> <th>Expenditure</th><th></th><th>Income</th><th></th></tr> <tr> <td>To Rent & rates</td><td>21000</td><td>By Entrance fees</td><td>2300</td></tr> <tr> <td>To Lecture fees</td><td>4500</td><td>By Subscriptions</td><td>46000</td></tr> <tr> <td>To Sundry expenses</td><td>7200</td><td>Less : Received in advance</td><td>- 1000</td></tr> <tr> <td>To Loss on Sale of Furniture</td><td>2500</td><td></td><td>45000</td></tr> <tr> <td>To Surplus (Excess of income over expenditure)</td><td>12600</td><td>By Interest received on fixed deposit</td><td>500</td></tr> <tr> <td></td><td>47800</td><td></td><td>47800</td></tr> </table> </div> </div>	Expenditure		Income		To Rent & rates	21000	By Entrance fees	2300	To Lecture fees	4500	By Subscriptions	46000	To Sundry expenses	7200	Less : Received in advance	- 1000	To Loss on Sale of Furniture	2500		45000	To Surplus (Excess of income over expenditure)	12600	By Interest received on fixed deposit	500		47800		47800	<div> <div>2x2 ½</div> <div>=5</div> </div>
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	47800		47800																											

Balance sheet as on Mar 31,2019				
Liabilities			Assets	
Capital fund	63200	75800	Furniture	40000
Add : surplus	12600		Less : Book value of furniture sold	25000
	-----			15000
Life membership fees		2500		20000
Subscription received in advance		1000	Books	40000
			Fixed deposit	4300
			Cash in hand	
		79300		79300

(Or)					
43(b)	**Common size statement for the year ended 2015-16 and 2016-17**				
Particulars		**2015-16**	**% of revenue from operation 2015-16**	**2016-2017**	**% of revenue from operation 2016-17**
Revenue from operations		200000	100.00	300000	100.00
Add : Other income		25000	12.50	75000	25.00
Total revenue		225000	112.50	375000	125.00
Less : Expenses		250000	125.00	150000	50.00
		-----	-----	-----	-----
Profit or loss before tax		-25000	-12.50	225000	75.00
Less : Income tax		-	--	90000	30.00
		-----	-----	-----	-----
Profit after tax		-25000	-12.50	135000	45.00

2x2 1/2 =5

2x2 ½
=5

Dr 44 (a)	Profit and Loss Appropriation account					Cr																																																															
	<div>To Interest on capital Dinesh 30000 Sugumar 24000 ----- To Salary -Dinesh To Commission - Sugumar To Partners Capital A/C (Profit) Dinesh 6000 Sugumar 3000 ----- ----- 125900 -----</div>	<div>54000 62000 900 9000 ----- 125900 -----</div>	<div>By Profit and Loss A/c By Interest on drawings Dinesh 3600 Sugumar 2300 ----- ----- 5900 ----- 125900 -----</div>	<div>120000 ----- 125900 -----</div>	5																																																																
(Or)																																																																					
44(b)	Trend analysis for Mullai Ltd. Company																																																																				
	<table><tr><th rowspan="2">Particulars</th><th colspan="3">Rs. In lakhs</th><th colspan="3">Trend Percentages</th></tr><tr><th>2015-16</th><th>2016-17</th><th>2017-18</th><th>2015-16</th><th>2016-17</th><th>2017-18</th></tr><tr><td>Revenue from Operations</td><td>100</td><td>120</td><td>160</td><td>100</td><td>120</td><td>160</td></tr><tr><td>Add: Other income</td><td>20</td><td>24</td><td>20</td><td>100</td><td>120</td><td>100</td></tr><tr><td>Total Revenue</td><td>120</td><td>144</td><td>180</td><td>100</td><td>120</td><td>150</td></tr><tr><td>Less : Expenses</td><td>20</td><td>14</td><td>40</td><td>100</td><td>70</td><td>200</td></tr><tr><td>Profit before tax</td><td>100</td><td>130</td><td>140</td><td>100</td><td>130</td><td>140</td></tr><tr><td>Less: Income tax</td><td>30</td><td>39</td><td>42</td><td>100</td><td>130</td><td>140</td></tr><tr><td>Profit after tax</td><td>70</td><td>91</td><td>98</td><td>100</td><td>130</td><td>140</td></tr></table>						Particulars	Rs. In lakhs			Trend Percentages			2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	Revenue from Operations	100	120	160	100	120	160	Add: Other income	20	24	20	100	120	100	Total Revenue	120	144	180	100	120	150	Less : Expenses	20	14	40	100	70	200	Profit before tax	100	130	140	100	130	140	Less: Income tax	30	39	42	100	130	140	Profit after tax	70	91	98	100	130	140	1+2+2=5
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Dr 45(a)	Revaluation A/c								Cr	2	
	Rs				Rs						
	To Stock A/c				By Land A/c						
	To Provision for doubtful debts A/c										
	To Profit on Revaluation										
	Amal - 7000				12000						
	Vimal - 5000				-----						
	-----				20000						

					20000						

Capital Accounts											3
Dr								Cr			
Particular	Amal	Vimal	Nirmal	Particular	Amal	Vimal	Nirmal				
To Balance c/d	91000	65000	30000	By Balance b/d	70000	50000	----				
				By Bank			30000				
				By Revaluation	7000	5000	----				
				By Profit & Loss A/C	14000	10000					
	-----	-----	-----		-----	-----	-----				
	91000	65000	30000		91000	65000	30000				
	-----	-----	-----		-----	-----	-----				
				By Balance b/d	91000	65000	30000				

45 (b)

(Or)

Journal Entries

Particulars		Debit	Credit
Bank a/c	Dr	600000	
To Share application a/c			600000
Share application a/c	Dr	500000	
To Share capital a/c			500000
Share application a/c	Dr	100000	
To Bank a/c			100000
Share allotment a/c	Dr	300000	
To Share capital a/c			300000
Bank a/c	Dr	300000	
To Share allotment a/c			300000
Share First and final call a/c	Dr	200000	
To Share capital a/c			200000
Bank a/c	Dr	200000	
To Share First and final call a/c			200000

5

Dr
46
(a)

Revaluation A/c			
	Rs		Rs
To Provision for doubtful debts a/c	1300	By Stock a/c	4000
To Profit on Revaluation			
Charles - 900			
Muthu - 1200			
Sekar - 600			
	2700		
	-----		-----
	4000		4000
	-----		-----

1

Capital Account								Cr
Dr				Particular	Charles	Muthu	Sekar	
To Bank a/c	30900	--	--	By Balance b/d	30000	40000	20000	
To Balance c/d	--	41200	20600	By Revaluation A/c	900	1200	600	
	30900	41200	20600		30900	41200	20600	
				By Balance b/d	--	41200	20600	

2

Balance Sheet as on Jan 1, 2019

Liabilities		Rs.	Assets		Rs.
Capital a/c			Furniture		20000
Muthu	41200		Stock	40000	
Sekar	20600		Add :Appreciation	4000	
		61800			44000
Sundry Creditors		33000	Debtors	30000	
			Less :Provision for bad and doubtful debts.	1300	28700
			Cash at Bank	33000	
			Less: Amount paid to Charles Capital A/c	-30900	2100
		94800			94800

2

(Or)

46 (b)	<p style="text-align: center;">Gross Profit</p> <p>(i) Gross Profit Ratio = $\frac{\text{Gross Profit}}{\text{Revenue from operations}} \times 100$</p> <p style="text-align: center;"> $= \frac{4000}{20000} \times 100 = 20\%$ </p> <p style="text-align: center;">Operating Cost</p> <p>(ii) Operating Cost Ratio = $\frac{\text{Operating Cost}}{\text{Revenue from operations}} \times 100$</p> <p style="text-align: center;"> $= \frac{18400}{20000} \times 100 = 92\%$ </p> <p style="text-align: center;">Operating Profit</p> <p>(iii) Operating Profit Ratio = $\frac{\text{Operating Profit}}{\text{Revenue from operations}} \times 100$</p> <p style="text-align: center;"> $= \frac{1600}{20000} \times 100 = 8\%$ </p>	5 marks																											
47 (a)	<p style="text-align: center;">Journal Entries</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>Debit</th><th>Credit</th></tr> </thead> <tbody> <tr> <td>Share Capital a/c Dr</td><td>10000</td><td></td></tr> <tr> <td> To Share first call A/c</td><td></td><td>4000</td></tr> <tr> <td> To Forfeiture Share a/c</td><td></td><td>6000</td></tr> <tr> <td>Bank a/c Dr</td><td>5600</td><td></td></tr> <tr> <td>Forfeiture Share a/c Dr</td><td>2400</td><td></td></tr> <tr> <td> To Share capital a/c</td><td></td><td>8000</td></tr> <tr> <td>Forfeiture Share a/c Dr</td><td>2400</td><td></td></tr> <tr> <td> To Capital Reserve a/c</td><td></td><td>2400</td></tr> </tbody> </table>	Particulars	Debit	Credit	Share Capital a/c Dr	10000		To Share first call A/c		4000	To Forfeiture Share a/c		6000	Bank a/c Dr	5600		Forfeiture Share a/c Dr	2400		To Share capital a/c		8000	Forfeiture Share a/c Dr	2400		To Capital Reserve a/c		2400	<p>2</p> <p>2</p> <p>1</p>
Particulars	Debit	Credit																											
Share Capital a/c Dr	10000																												
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47(b)	<ol style="list-style-type: none"> 1. Receipt Voucher 2. Payment Voucher 3. Contra Voucher 4. Purchase Voucher 5. Sales Voucher 6. Journal Voucher 	5																											