

12th
STD

Public Examination - March 2024

PART- III

Reg No

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TIME ALLOWED : 3.00 Hours]

ACCOUNTANCY (with Answers)

[MAXIMUM MARKS : 90

Instructions :

- 1) Check the question paper for fairness of printing. If there is any lack of fairness, inform the Hall Supervisor immediately.
- 2) Use **Blue** or **Black** ink to write and underline and pencil to draw diagrams

PART - I

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

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

1. ₹ 25,000 withdrawn from bank for office use. In which voucher type, this transaction will be recorded?
(a) Payment voucher (b) Contra voucher
(c) Sales voucher (d) Receipt voucher
2. The amount received over and above the par value is credited to :
(a) Share capital account
(b) Securities premium account
(c) Forfeited shares account
(d) Calls in advance account
3. The key used for closing Tally is :
(a) Ctrl+Z (b) Ctrl + P
(c) Ctrl+Q (d) Ctrl+
4. Income and Expenditure Account are used to find out :
(a) Surplus or deficit (b) Profit or loss
(c) Financial position
(d) Cash and Bank balance
5. The amount of expenses can be computed from :
(a) Bills receivable account (b) Total debtors account
(c) Bills payable account (d) Total creditors account
6. To test 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
(a) (ii) and (iii) (b) (i) and (ii)
(c) (ii) and (iv) (d) (i) and (iv)
7. That part of share capital which can be called up only on the winding up of a company is called as :
(a) Capital Reserve (b) Authorised capital
(c) Reserve capital (d) Called up capital
8. Goodwill which cannot be recorded in the books accounts :
(a) Self generated goodwill (b) Acquired goodwill
(c) Purchased goodwill (d) None of these
9. Which of the following is not a tool of financial statement analysis?
(a) Comparative statement
(b) Trend analysis (c) Standard costing
(d) Common size statement
10. James and Kamal share profits and losses in the ratio of 5:3. They admit Sunil as a partner giving him 1/5 share of profit. Find out the Sacrificing ratio.
(a) 5 : 3 (b) 1 : 3 (c) 3 : 5 (d) 3 : 1
11. On retirement of a partner from a partnership firm, accumulated profits and losses are distributed to the partners on the basis of :
(a) Gaining ratio
(b) New profit sharing ratio
(c) Sacrificing ratio
(d) Old profit sharing ratio
12. Identify the incorrect pair
(a) Goodwill under Annuity method = Average profit × Present value annuity factor
(b) Goodwill under Average profit method = Average profit × Number of years of purchase
(c) Goodwill under Weighted average profit method = Weighted average profit × Number of years of purchase
(d) Goodwill under Super profit method = Super profit × Number of years of purchase
13. 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) ₹ 10,000 and ₹ 20,000
(b) ₹ 20,000 and ₹ 10,000
(c) ₹ 15,000 and ₹ 15,000
(d) ₹ 8,000 and ₹ 4,000

(1)

14. Subscription due but not received for the current year is :
 (a) An Expense (b) An Asset
 (c) An item to be ignored
 (d) A Liability
15. Choose the incorrect pair.
 (a) Sale of old sports materials - Capital receipt
 (b) General donation - Revenue receipt
 (c) Subscription for billiards - Revenue receipt
 (d) Specific donation - Capital receipt
16. Current liabilities ₹40,000; Current assets ₹1,00,000; Inventory ₹20,000. Quick ratio is :
 (a) 2 : 1 (b) 1 : 1 (c) 1 : 2 (d) 2.5 : 1
17. Revaluation A/c is a :
 (a) Personal A/c (b) Real A/c
 (c) Impersonal A/c (d) Nominal A/c
18. When fixed capital method is adopted by a partnership firm, which of the following items will appear in capital account?
 (a) Interest on drawings
 (b) Additional capital introduced
 (c) Share of profit (d) Interest on capital
19. 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) 90 % (b) 10 %
 (c) 11 % (d) 11 %
20. The amount of Capital of the proprietor, if his Assets are ₹ 85,000 and Liabilities are ₹ 21,000 :
 (a) ₹ 21,000 (b) ₹ 85,000
 (c) ₹ 64,000 (d) ₹ 1,06,000

PART - II

Note: Answer any seven questions. Question No. 30 is Compulsory.

7 × 2 = 14

21. What is Receipts and Payments Account?
 22. What is Goodwill?
 23. Why are the shares forfeited?
 24. What is Working Capital?
 25. What is Automated accounting system?
 26. From the following details, calculate the Capitals on 31st December 2018.

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

27. Praveena and Dhanya are 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.
28. 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.
29. Calculate the profit ratio from the following.
 Revenue from operations ₹ 1,00,000, Cost of revenue from operations ₹ 80,000 and Purchases ₹ 62,500.
30. Give Final Accounts which are to be prepared by the partnership firms.

PART - III

Note: Answer any seven questions. Question No. 40 is compulsory.

7 × 3 = 21

31. Differentiate between Statement of affairs and Balance Sheet.
32. 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

33. Kumar 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	₹
March 1	4,000
June 1	4,000
September 1	4,000
December 1	4,000

Calculate the amount of interest on drawings.

34. From the following information, find out the value of Goodwill by Capitalisation method:
- Average profit ₹ 20,000
 - Normal rate of return 10%
 - Capital employed ₹ 1,50,000
35. Rajesh and Ramesh are partners sharing profits and losses in the ratio of 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, Prepare revaluation account.
- The value of building is increased by ₹ 15,000.
 - The value of the machinery is decreased by ₹ 4,000.
 - Provision for doubtful debt is made for ₹ 1,000.
36. List out the adjustments made at the time of retirement of a partner in a partnership firm.
37. State the differences between Preference shares and Equity shares.
38. Prepare Common-size income statement for the following particulars Raja Ltd., for the year ended 31st March, 2017.

Particulars	2016-2017 ₹
Revenue from operations	4 50 000
Other income	6 , 0
Expenses	1 5 00

39. From the following information, calculate debt-equity ratio:
Balance Sheet (Extract) as on 31.03.20

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

40. Write the Gateway of Tally to view the following.
- Profit and Loss A/c
 - Balance Sheet
 - Day Book

PART - IV

Note: Answer **all** the questions:.

7 × 5 = 35

41. (a) On 1st April 2017, Ganesh started his business with a capital of ₹ 75,000. He did not maintain proper books of accounts. Following particulars are available from his books as on 31.3.2018.

Particulars	₹	Particulars	₹
Cash	5,000	Debtors	16,000
Stock of goods	18,000	Creditors	9,000
Bills receivable	7,000	Cash at Bank	24,000
Furniture	3,000	Bills Payable	6,000
Land and Buildings	30,000		

During the year he withdrew ₹15,000 for his personal use. He introduced further capital of ₹20,000 during the year. Calculate his profit or loss.

(OR)

- (b) Vetri and Ranjit are partners, sharing profits and losses in the ratio of 3:2. Their Balance Sheet as on 31st December 2017 is as under:

Liabilities	₹	₹	Assets	₹
Capital accounts:			Furniture	25,000
Vetri	30,000		Stock	20,000
Ranjit	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 1/3 share of profit.
- Stock to be depreciated by 10%
- Debtors to be revalued at ₹ 10,000.
- Furniture to be revalued at ₹ 40,000.
- There is an outstanding wage of ₹ 4,500 not yet recorded.

Prepare Revaluation account, Partners' Capital account and the Balance Sheet of the firm after admission.

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

Particulars	₹	Particulars	₹
Opening Cash in hand as on 1.4.2018	5,000	Subscription received	20,000
Bank draft as on 1.4.2018	4,000	Repairs and renewals	2,500
Printing and Stationery	1,500	Conveyance paid	2,750
Interest Paid	3,250	Books Purchased	10,000
Sale of Investments	1,000	Insurance Premium Paid	4,000
Purchase of refreshments	1,500	Sundry receipts	750
Outstanding Salary	2,000	Government grants received	6,000
Endowment fund receipts	2,000	Sale of refreshments	1,500
Lighting Charges	1,300	Depreciation on buildings	2,000
		Cash at bank on 31.03.2019	2,000

(OR)

- (b) State any 5 factors determining Goodwill and explain.

43. (a) From the following information, prepare Capital accounts of partners Mannan and Sevagan, when their capitals are fluctuating.

Particulars	Mannan ₹	Sevagan ₹
Capital on 1 st January 2018 (Cr. balance)	2,00,000	1,75,000
Drawings during 2018	40,000	35,000
Interest on drawings	1,000	500
Share of profit for 2018	21,000	16,500
Interest on capital	12,000	10,500
Salary	18,000	
Commission	--	2,500

(OR)

- (b) Roja, Neela and Kanaga are partners sharing profits and losses in the ratio of 4:3:3. On 1st Apr 2017, Roja retires from partnership and on retirement, the following adjustments are agreed upon.
- Increase the value of building by ₹ 30,000.
 - Depreciate stock by ₹ 5,000 and furniture by ₹ 12,000.
 - Provide an outstanding liability of ₹ 1,000
- Pass journal entries and prepare Revaluation account.
44. (a) From the following information, calculate the value of Goodwill based on 3 years purchase of Super Profit.
- Capital employed : ₹ 2,00,000
 - Normal rate of return : 15%
 - Average profit of the business : ₹ 42,000

(OR)

- (b) Explain any five applications of computerized accounting system.
45. (a) From the following Receipts and Payments account, prepare Income and Expenditure account of Kumbakonam Basket Ball Association for the year ended 31st March, 2018.

Receipts		₹	Payments	₹	₹
To Balance b/d			By Rent of ground paid		12,000
Cash in hand	23,000		By Printing charges		5,000
Cash at bank	12,000	35,000	By Bank charges		1,000
To Rent of hall received		6,000	By Insurance for building		2,000
To Subscription received		9,000	By Tournament expenses		16,000
To Life membership fees		7,000	By Audit fees		3,000
To Locker rent received		2,000	By Sports materials purchased		4,000
			By Balance c/d		
			Cash in hand	2,000	
			Cash at bank	14,000	16,000
		59,000			59,000

(OR)

- (b) From the following particulars, prepare Comparative Statement of financial position of Muthu Ltd.

Particulars	31 st March, 2017	31 st March, 2018
	₹	₹
I. 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
II. ASSETS		
Non-current assets	5,00,000	6,00,00
Current assets	1,25,000	87,5
Total	6,25,000	6,87,500

46. (a) Durai and Velan entered into a partnership agreement on 1st April 2018. Durai contributed ₹ 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 get interest on capital @ 5% p.a.
 - Interest on drawings to be charged Durai: ₹ 300 Velan: ₹ 45
 - Durai to receive a salary of ₹ 5,000 for the year, and
 - 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) From the following Balance Sheet of Arunan Ltd. as at 31.03.2019, calculate

- (i) Debt-equity ratio (ii) Proprietary ratio and (iii) Capital gearing ratio.

Balance sheet of Arunan Ltd., as on 31.3.2019

Particular	₹
I EQUITY AND LIABILITIES	
1. Shareholders' Fund	
(a) Share Capital	
Equity Share Capital	1,50,000
8 % Preference Share Capital	2,00,000
(b) Reserves and Surplus	1,50,000
2. Non-Current Liabilities	
Long term borrowings (9% Debentures)	4,00,000
Current Liabilities	
(a) Short-term borrowings from banks	25,000
(b) Trade payables	75,000
Total	10,00,000
II ASSETS	
1. Non-current Assets	
Fixed Assets	7,50,000
2. Current Assets	
(a) Inventories	1,20,000
(b) Trade receivables	1,00,000
(c) Cash and cash equivalents	27,500
(d) Other Current Assets	
Expenses paid in advance	2,500
Total	10,00,000

47. (a) 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%

(OR)

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

ANSWERS

Part - I

- (b) Contra voucher
- (b) Securities premium account
- (c) Ctrl+Q
- (a) Surplus deficit
- (b) Total debtors account
- (d) (i) and (iv)
- (c) Reserve capital
- (a) Self-generated goodwill
- (c) Standard costing
- (a) 3
- (d) Old profit sharing ratio
- (a) Goodwill under Annuity method = Average rate × Present value annuity factor
- (d) ₹ 8,000 and ₹ 4,000
- (b) An Asset
- (a) Sale of old sports materials — Capital asset
- (a) 2 : 1
- (d) Nominal A/c
- (b) Additional capital introduced
- (d) 110 %
- (c) ₹ 64,000

Part - II

- (i) Receipts and Payments account is a summary of cash and bank transactions of not-for-profit organisations prepared at the end of each financial year.
(ii) It is a real account in nature. The receipts and payments account begins with the opening balances of cash and bank and ends with closing balances of cash and bank.
- Goodwill is the good name or reputation of the business which brings benefit to the business. It enables the business to earn more profit. It is the present value of a firm's future excess earnings. It is an intangible asset as it has no physical existence.
- When shareholder defaults in making payment of allotment and/or call money, the shares may be forfeited. On forfeiture, the share allotment is cancelled and to that extent paid up share capital is reduced. The person ceases to be a shareholder of the company after the shares are forfeited.
The term 'fund' refers to working capital. Working capital refers to the excess of current assets over current liabilities.
Working Capital = Current Assets – Current Liabilities
- (i) Automated accounting is an approach to maintain up-to-date accounting records with the aid of accounting software.
(ii) Under manual accounting system entries are made in different books of accounts while accounting software packages allow manual entry in one field or one place.

26. Statement of profit or loss for the year ending 31st December 2018

Particulars	₹
Closing capital	1,45,000
Add : Drawings	30,000
	1,75,000
Less: Additional capital during the year	15,000
Adjusted closing capital	1,60,000
Less: Opening capital as on 1 st January 2018	1,00,000
Profit for the year	60,000

27. Share sacrificed = Old share – New share

Old ratio of Praveena and Dhanya = 7:3 that is $\frac{7}{10} : \frac{3}{10}$

New ratio of Praveena, Dhanya and Malini = 5 : 2 : 3 that is, $\frac{5}{10} : \frac{2}{10} : \frac{3}{10}$

Praveena = $\frac{7}{10} - \frac{5}{10} = \frac{2}{10} = \frac{1}{5}$

Dhanya = $\frac{3}{10} - \frac{2}{10} = \frac{1}{10}$

Sacrificing ratio of Praveena and Dhanya is $\frac{2}{10} : \frac{1}{10}$ that is 2 : 1

28. Journal entry

Date	Particular	L.F	Debit ₹	Credit ₹
2018 March 31	Reserve Fund A/c Dr. To Dheen Capital A/c (50,000 × 5/10) To Surya's Capital A/c (50,000 × 3/10) To J naki Capital A/c (50,000 × 2/10) (General reserve transferred to all partner's capital account in the profit sharing ratio)		50,000	25,000 15,000 10,000

29. Gross profit ratio = $\frac{\text{Gross profit}}{\text{Revenue from operations}} \times 100$

= $\frac{20,000}{1,00,000} \times 100 = 20\%$

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

= ₹ 1,00,000 – ₹ 80,000

= ₹ 20,000

30. The final accounts prepared by partnership firms are:

- (a) Manufacturing account
- (b) Trading and profit and loss account
- (c) Profit and loss appropriation account
- (d) Balance sheet

Part - III

31.

S. No.	Basis of distinction	Statement of affairs	Balance Sheet
1.	Objective	Statement of affairs is generally prepared to find out the capital of the business.	Balance sheet is prepared to ascertain the financial position of the business.
2.	Accounting system	Statement of affairs is prepared when double entry system is not strictly followed.	Balance sheet is prepared when accounts are maintained under double entry system.
3.	Basis of preparation	It is not fully based on ledger balances.	It is prepared exclusively on the basis of ledger balances.

32.

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

Dr

Cr

Particulars	₹	₹	Particulars	₹
To Stationery consumed :				
Opening stock	300			
Add: Purchases	1,500			
	1,800			
Less : Closing stock	200	1,600		

Balance sheet as on 31st March, 2018

Liabilities		Assets	₹
		Stock of stationery	200

33. Interest on drawings = Amount of drawings × Rate of interest × Period of interest

$$\text{Withdrawal on March 1} = ₹4,000 \times \frac{6}{100} \times \frac{10}{12} = ₹ 200$$

$$\text{Withdrawal on June 1} = ₹4,000 \times \frac{6}{100} \times \frac{7}{12} = ₹ 140$$

$$\text{Withdrawal on September 1} = ₹4,000 \times \frac{6}{100} \times \frac{4}{12} = ₹ 80$$

$$\text{Withdrawal on December 1} = ₹4,000 \times \frac{6}{100} \times \frac{1}{12} = ₹ 20$$

$$\text{Total interest on drawings} = ₹ \underline{440}$$

$$34. \text{ Capitalised value of the business} = \frac{\text{Average profit}}{\text{Normal rate of return}} \times 100 = \frac{20,000}{10} \times 100 = ₹ 2,00,000$$

$$\text{Capital employed} = ₹ 1,50,000$$

$$\begin{aligned} \text{Goodwill} &= \text{Total capitalised value of the average profit} - \text{Capital employed} \\ &= 2,00,000 - 1,50,000 = ₹ 50,000 \end{aligned}$$

35.

Revaluation Account

Dr			Cr	
Particulars	₹	₹	Particulars	₹
To Machinery A/c		4,000	By Buildings A/c	15,000
To Provision for doubtful debts A/c		1,000		
To profit on revaluation transferred to Rajesh's capital A/c (3/5)	6,000			
Ramesh's capital A/c (2/5)	4,000	10,000		
		15,000		15,000

36. 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.
- Determination of new profit sharing ratio and gaining ratio.
- Adjustment for goodwill.
- Adjustment for current year's profit or loss upto the date of retirement.
- Settlement of the amount due to the retiring partner.

37.

Basis		Equity shares	Preference shares
1.	Meaning	Equity shares are the ordinary shares of a company representing the 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	The dividend is paid after payment of all liabilities.	Priority in payment of dividend over equity shareholders.
3.	Rate of dividend	Fluctuating	Fixed

38. Common-size income statement of Raja Ltd for the year ended 31st March, 2017

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

Note:

$$\text{Computation of percentage for other income} = \frac{67,500}{4,50,000} \times 100 = 15$$

$$\text{Percentage for Total revenue} = \frac{5,17,500}{4,50,000} \times 100 = 115\%$$

$$\text{Percentage for Expenses} = \frac{1,35,000}{4,50,000} \times 100 = 30\%$$

$$\text{Percentage for Profit before tax} = \frac{3,82,500}{4,50,000} \times 100 = 85\%$$

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

Long term debt = Debentures = ₹ 80,000
Shareholders' funds = Equity share capital + Reserves and surplus
= 1,00,000 + 60,000 = ₹1,60,000

Debt equity ratio = $\frac{80,000}{1,60,000} = 0.5:1$

40. (i) To view Profit and Loss Account :

Gateway of Tally > Reports > Profit & Loss A/c > AltF1

(ii) To view Balance Sheet:

Gateway of Tally > Reports > Balance Sheet > AltF1

(iii) To view Day Book :

Gateway of Tally > Reports > Display > Day Book > AltF1

Part - IV

41. (a) Statement of affairs of Ganesh as on 31st March, 20

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

Statement of profit or loss for the year ending 31st March, 2018

Particulars	₹
Closing capital as on 31.3.2018	88,000
Add: Draw during the year	15,000
	1,03,000
Less: Add: Additional capital introduced during the year	20,000
Adjusted closing capital	83,000
Less: Opening capital as on 01.04.2017	75,000
Profit made during the year ending 31.03.2018	8,000

(OR)

(b) Revaluation Account

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

Capital Account

Dr				Cr			
Particulars	Vetri ₹	Ranjit ₹	Suriya ₹	Particulars	Vetri ₹	Ranjit ₹	Suriya ₹
To Profit and loss A/c	6,000	4,000	-	By Balance b/d	30,000	20,000	-
To Balance c/d	30,600	20,400	10,000	By Reserve fund A/c	3,000	2,000	-
				By Revaluation A/c	3,600	2,400	-
				By Cash A/c	-	-	,000
	36,600	24,400	10,000		36,600	24,400	10,000
				By Balace b/d	30,600	20,400	10,000

Balance sheet as on 1st January 2018

Liabilities	₹	₹	Assets	₹	₹
Capital accounts :			Furniture	25,000	
Vetri	30,600		<u>Add</u> : Apprecia n	15,000	40,000
Ranjit	20,400		Stock	20,000	
Suriya	10,000	61,000	<u>Less</u> : Depre n	2,000	18,000
Sundry creditors		45,000	Debtors	10,000	
Outstanding wages		4,500	<u>Less</u> : D crea	2,500	7,500
			Ca in h nd	35,000	
			<u>Add</u> : iya's capital	10,000	45,000
		1,100			1,10,500

42. (a) In the books of Poompuhar Literary ssociation Receipts and Payments Account for the year ended 31st March, 2019

Dr		Cr	
Receipts	₹	Payments	₹
To Balance b/d		By Balance b/d	
Cash in hand	5,000	Bank overdraft	4,000
To Sale of investments	1,000	By Printing and stationary	1,500
To Endowment fund receipt	2,000	By Interest paid	3,250
To Subscription received	20,000	By Purchase of refreshments	1,500
To Sundry receipts	750	By Lighting Charges	1,300
To Government grant received	6,000	By Repairs and renewals	2,500
To Sale of refreshments	1,500	By Conveyance paid	2,750
		By Books purchased	10,000
		By Insurance premium paid	4,000
		By Balance c/d	
		Cash at Bank	2,000
		Cash in hand	3,450
	36,250		36,250

(OR)

- (b) Generally, the following factors determine the value of goodwill of a partnership firm:
- Profitability of the firm:** A firm earning higher profits and having potential to generate higher profits in future will have higher value of good will.
 - 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 services, the value of goodwill for the firm will be high.
 - Tenure of the business enterprise:** A firm which has carried on business for several years will have higher reputation among its customers as it is better known to the customers.

- (iv) **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.
- (v) **Degree of competition :** In the case of business enterprises having no competition or negligible competition, the value of goodwill will be high.

43. (a)

Dr. Partners' Capital A/c			Cr.		
Particulars	Mannan ₹	Sevagan ₹	Particulars	Mannan ₹	Sevagan ₹
To Drawings A/c	40,000	35,000	By Balance b/d	2,00,000	1,75,000
To Interest on drawings A/c	1,000	500	By Profit and loss appropriation A/c	21,000	16,000
To Balance c/d	2,10,000	1,69,000	By Interest on capital A/c	12,000	10,500
			By Salary A/c	18,000	-
			By Commission A/c	-	2,500
	2,51,000	2,04,500		2,51,000	2,04,500
			By Balance b/d	2,10,000	1,69,000

(OR)

(b)

Journal entries

Date	Particulars	L.F	Debit ₹	Credit ₹
2017 April 1	Building A/c To Revaluation A/c (Value of building increased)		30,000	30,000
2017 April 1	Revaluation A/c Dr. To Stock A/c To Furniture A/c To Outstanding liability A/c (Decrease in value of asset and outstanding liability recorded)		18,000	5,000 12,000 1,000
2017 April 1	Revaluation A/c Dr. To Roja's capital A/c To Neela's capital A/c To Kanaga's capital A/c (Revaluation distributed)		12,000	4,800 3,600 3,600

Dr. Revaluation Account			Cr.	
Particulars	₹	₹	Particulars	₹
To Stock A/c		5,000	By Building A/c	30,000
To Furniture A/c		12,000		
To Outstanding liability A/c		1,000		
To Profit on revaluation transferred to Roja's capital A/c (12,000 × 4/10) Neela's capital A/c (12,000 × 3/10) Kanaga's capital A/c (12,000 × 3/10)	4,800 3,600 3,600			
		12,000		
		30,000		30,000

44. (a) Normal profit = Capital employed \times Normal rate of return = $2,00,000 \times 15\% = ₹ 30,000$
 Super profit = Average profit – Normal profit = $42,000 - 30,000 = ₹ 12,000$
 Goodwill = Super profit \times Number of years of purchase = $12,000 \times 3 = ₹ 36,000$

(OR)

(b) The applications of CAS are as follows :

- Maintaining accounting records :** In CAS, accounting records can be maintained easily and efficiently for long time period. It facilitates fast and accurate retrieval of data and information.
- Inventory management :** CAS facilitates efficient management of inventory. Updated information about availability 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 and information can be imported from or exported to other users within the organisation as well as outside the organisation.
- Taxation:** CAS helps to compute various taxes and to deduct these and deposit the same to the Government account.

45. (a)

**In the books of Kumbakonam Basket Weaving Association
Income and Expenditure Account for the year 31 March, 2018**

Dr			Cr
Expenditure	₹	Income	₹
To Rent of ground	12,000	B Balance of hall received	6,000
To Printing Charges	5,000	B Subscription received	9,000
To Bank charges	100	By Locker rent received	2,000
To Tournament expenses	16,000	By Deficit	26,000
To Audit fees	3,000	(Excess of expenditure over income)	
To Sports materials purchased	100		
To Insurance for building	2,000		
	43,000		43,000

(OR)

(b) Comparative Balance Sheet of Muthu Ltd as on 31st March, 2017 and 31st March, 2018

Particulars	2016-17 ₹	2017-18 ₹	Absolute amount of increase (+) or decrease (-) ₹	Percentage increase (+) or decrease (-)
I. Equity and Liabilities				
Share holders fund	4,00,000	4,40,000	+ 40,000	+ 10
Non-current Liabilities	1,50,000	1,65,000	+ 15,000	+ 10
Current Liabilities	75,000	82,500	+ 7,500	+ 10
Total	6,25,000	6,87,500	+ 62,500	+ 10
II. Assets				
Non-current assets	5,00,000	6,00,000	+ 1,00,000	+ 20
Current assets	1,25,000	87,500	- 37,500	- 30
Total	6,25,000	6,87,500	+ 62,500	+ 10

46. (a) Profit and loss appropriation account for the year ended 31st March 2019

Dr.			Cr.		
Particulars	₹	₹	Particulars	₹	₹
To Interest on capital A/c			By Profit and loss A/c		20,000
Durai (25,000 × 5%)	1,250		By Interest on drawings A/c		
Velan (30,000 × 5%)	1,500	2,750	Durai	300	
To Salary to Durai A/c		5,000	Velan	450	750
To Commission to Velan A/c		2,000			
To Partner's capital A/c					
(profit transferred)					
Durai (11,000 × 2/5)	4,400				
Velan (11,000 × 3/5)	6,600	11,000			
		20,750		20,750	

(OR)

- (b) (i) Debt equity ratio = $\frac{\text{Long term debt}}{\text{Shareholders funds}} = \frac{4,00,000}{5,00,000} = 8 : 1$
- Long term debt = 9% Debentures = ₹ 4,00,000
- Shareholder's funds = Equity share capital + Preference share capital + Reserves and surplus
- = ₹1,50,000 + ₹2,00,000 + 1,50,000 = ₹5,00,000
- (ii) Proprietary ratio = $\frac{\text{Shareholder funds}}{\text{Total assets}} = \frac{5,00,000}{10,00,000} = 0.5 : 1$
- (iii) Capital gearing ratio = $\frac{\text{Funds bearing fixed interest and fixed dividend}}{\text{Equity Shareholder's funds}} = \frac{6,00,000}{3,00,000} = 2 : 1$
- Funds bearing fixed interest or dividend = % Preference capital + 9% Debentures
- 2,00,000 + 4,00,000 = ₹ 6,00,000
- Equity shareholders funds = Equity share capital + Reserve and Surplus
- = 1,50,000 + 1,50,000 = ₹3,00,000

47. (a) Trend analysis for Mullai Ltd

Particulars	₹ In lakhs			Trends percentage		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Revenue from operations	100	120	160	100	120	160
Add: Other income	20	24	20	100	120	100
Total revenue	120	144	180	100	120	150
Less: Expenses	20	14	40	100	70	200
Profit before tax	100	130	140	100	130	140
Less: Income tax (30 %)	30	39	42	100	130	140
Profit after tax	70	91	98	100	130	140

(OR)

(b) In the books of Joy Company Journal entries

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