

**DIRECTORATE OF GOVERNMENT EXAMINATIONS CHENNAI - 6**  
**HIGHER SECONDARY SECOND YEAR PUBLIC EXAMINATION - MARCH - 2018**  
**KEY FOR ACCOUNTANCY**

**Note :**

1. Answers written only in BLACK or BLUE should be evaluated.
2. Choose the correct answer and write the option code.
3. If one of them (option or answer) is wrong ,then award zero mark only .

**Total Marks = 200**

**PART - A**

**30×1=30**

I	Fill in the blanks	II	Choose the most suitable answers	
1	Assets	16	a	Trading account and balance sheet
2	Profit and Loss	17	c	Rs.10000
3	Rs.2500	18	a	an incomplete double entry system
4	Balance Sheet	19	c	Rs.1,50,000
5	Total Debtors	20	b	credit side of fixed asset account
6	Written down Value / Diminishing Balance / Reducing Balance Method	21	a	Rs.2710
7	30,000	22	c	Rs.2,00,000
8	Current	23	c	100-Operating profit ratio
9	1,35,000	24	c	Cash receipts
10	Rs.1,800	25	c	in current account
11	Implied	26	a	Old partners in their old profit sharing ratio
12	Loss	27	c	Gaining ratio
13	Profit	28	b	at par, at premium and at discount
14	90	29	a	10%
15	Lesser	30	c	Over subscription

10×5 = 50

## PART - B

Q. No	Answer any 10 Questions	Marks																												
31	Bad debts - meaning	5																												
32	Net worth method with Explanation	5																												
33	Depreciation - Definition	5																												
34	Capital Turnover Ratio with Explanation	5																												
35	<ol style="list-style-type: none"> <li>1. Cash Purchases</li> <li>2. Payable to suppliers</li> <li>3. Business expenses like wages, office expenses, selling expenses, etc.,</li> <li>4. Payment of interest, income tax, dividend etc.,</li> <li>5. Purchase of assets</li> <li>6. Redemption of shares / debentures</li> <li>7. Repayment of loans</li> </ol> <p style="text-align: right;">(Any five )</p>	5																												
36	Drawings – Meaning	5																												
37	Pro-rata allotment with Explanation	5																												
38	<p style="text-align: center;"><b>Adjusting Entry</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Depreciation A/c</td> <td style="width: 10%; text-align: center;">Dr</td> <td style="width: 20%; text-align: right;">6000</td> <td style="width: 40%;"></td> </tr> <tr> <td style="padding-left: 20px;">To Furniture A/c</td> <td></td> <td></td> <td style="text-align: right;">6000</td> </tr> </table> <p style="text-align: center;"><b>Transfer Entry</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Profit and Loss A/c</td> <td style="width: 10%; text-align: center;">Dr</td> <td style="width: 20%; text-align: right;">6000</td> <td style="width: 40%;"></td> </tr> <tr> <td style="padding-left: 20px;">To Depreciation A/c</td> <td></td> <td></td> <td style="text-align: right;">6000</td> </tr> </table> <p><b>Note : If entry is correct give 3 marks</b></p>	Depreciation A/c	Dr	6000		To Furniture A/c			6000	Profit and Loss A/c	Dr	6000		To Depreciation A/c			6000	5												
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39	<p><b>Missing information</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Closing Capital</td> <td style="width: 15%; text-align: right;">1,63,800</td> <td style="width: 15%;"></td> <td style="width: 30%; text-align: right;">..... 1</td> </tr> <tr> <td>Add : Drawings</td> <td style="text-align: right;">25,200</td> <td></td> <td style="text-align: right;">..... 1</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; text-align: right;">1,89,000</td> <td></td> <td></td> </tr> <tr> <td>Less: Additional Capital</td> <td style="text-align: right;">42,300</td> <td></td> <td style="text-align: right;">..... 1</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; text-align: right;">146700</td> <td></td> <td></td> </tr> <tr> <td>Less: Opening Capital</td> <td style="text-align: right;">1,59,300</td> <td></td> <td style="text-align: right;">..... 1</td> </tr> <tr> <td>Loss</td> <td style="border-top: 1px solid black; text-align: right;">12600</td> <td></td> <td style="text-align: right;">.....1</td> </tr> </table> <p><b>Note : Full marks can be awarded for any other method</b></p>	Closing Capital	1,63,800		..... 1	Add : Drawings	25,200		..... 1		1,89,000			Less: Additional Capital	42,300		..... 1		146700			Less: Opening Capital	1,59,300		..... 1	Loss	12600		.....1	5
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40	$\text{Amount of Depreciation} = \frac{\text{Total Cost} - \text{Scrap Value}}{\text{Estimated Life}} \dots\dots 1$ $= \frac{50,000 - 5,000}{10} = \frac{45,000}{10} = 4,500 \dots\dots 1$ $\text{Rate of Depreciation} = \frac{\text{Amount of Depreciation}}{\text{Original Cost}} \times 100 \dots\dots 1$ $= \frac{4500}{50,000} \times 100 \dots\dots 1$ $= 9\% \dots\dots 1$	5
41	$\text{Debt - Equity Ratio} = \frac{\text{Total long term Debt}}{\text{Share holder funds}} \dots\dots 1$ $\text{Total long term Debt} = \text{Debentures} + \text{Loans from Bank}$ $= 2,00,000 + 1,00,000$ $= 3,00,000 \dots\dots 1$ $\text{Share holders funds} = \text{Equity shares Capital} + \text{Reserves}$ $= 1,25,000 + 25,000$ $= 1,50,000 \dots\dots 1$ $\text{Debt-Equity Ratio} = \frac{3,00,000}{1,50,000} \dots\dots 1$ $= 2:1 \dots\dots 1$	5
42	$\text{Let the total profit be} = 1 \dots\dots 1$ $\text{Vimala Share} = \frac{1}{5}$ $\text{Remaining Share of Amala and Kamala}$ $= 1 - \frac{1}{5} = \frac{4}{5} \dots\dots 1$ $= \text{Amala} : \text{Kamala} : \text{Vimala}$ $\text{Old Share} = \frac{3}{5} : \frac{2}{5}$ $\text{New Share} = \frac{4}{5} \times \frac{3}{5} : \frac{4}{5} \times \frac{2}{5} : \frac{1}{5} \dots\dots 1$ $= \frac{12}{25} : \frac{8}{25} : \frac{5}{25} \dots\dots 1$ $\text{New Ratio} = 12 : 8 : 5 \dots\dots 1$	5

43	<p><b>Interest on Drawing of Harish</b></p> $\text{Interest on Drawing} = 4800 \times \frac{5}{100} \times \frac{11}{24}$ $= 110$ <p><b>Interest on Drawing of Sudharshan</b></p> $\text{Interest on Drawing} = 9600 \times \frac{5}{100} \times \frac{13}{24}$ $= 260$	5									
44	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Bank A/c</td> <td style="width: 30%; text-align: right;">Dr 2,40,000</td> <td style="width: 40%;"></td> </tr> <tr> <td style="padding-left: 20px;">To Share Capital A/c</td> <td></td> <td style="text-align: right;">2,00,000</td> </tr> <tr> <td style="padding-left: 20px;">To Premium A/c</td> <td></td> <td style="text-align: right;">40,000</td> </tr> </table> <p><b>Note : If entry is correct give 3 marks</b></p>	Bank A/c	Dr 2,40,000		To Share Capital A/c		2,00,000	To Premium A/c		40,000	5
Bank A/c	Dr 2,40,000										
To Share Capital A/c		2,00,000									
To Premium A/c		40,000									

**PART – C**

**5×12 = 60**

Q. No	Answer any 5 Questions. Q.No 45 is compulsory	Marks																																																							
45 (a)	<p style="text-align: right;"><b>Adjusting entry</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Bad debts A/c</td> <td style="width: 30%; text-align: right;">Dr 5,000</td> <td style="width: 40%; text-align: right;">..... 1</td> </tr> <tr> <td style="padding-left: 20px;">To Sundry Debtors A/c</td> <td></td> <td style="text-align: right;">5,000</td> </tr> <tr> <td style="padding-top: 10px;">Profit and Loss A/c</td> <td style="text-align: right;">Dr 6,000</td> <td style="text-align: right;">..... 1</td> </tr> <tr> <td style="padding-left: 20px;">To Provision for bad and doubtful debts A/c</td> <td></td> <td style="text-align: right;">6,000</td> </tr> <tr> <td style="padding-top: 10px;">Profit and Loss A/c</td> <td style="text-align: right;">Dr 2,280</td> <td style="text-align: right;">..... 1</td> </tr> <tr> <td style="padding-left: 20px;">To Provision for discount on debtors</td> <td></td> <td style="text-align: right;">2,280</td> </tr> </table> <p style="text-align: right;"><b>Profit and Loss Account .....3</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">To Bad Debts A/c</td> <td style="width: 15%; text-align: right;">5,000</td> <td style="width: 45%;"></td> </tr> <tr> <td>To Provision for bad and doubtful debts A/c</td> <td style="text-align: right;">6,000</td> <td></td> </tr> <tr> <td>To Provision for discount on debtors</td> <td style="text-align: right;">2,280</td> <td></td> </tr> </table> <p style="text-align: right;"><b>Balance Sheet .....6</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Liabilities</th> <th style="width: 30%;">Assets</th> <th style="width: 20%;"></th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td></td> <td>Sundry Debtors</td> <td style="text-align: right;">1,25,000</td> <td></td> </tr> <tr> <td></td> <td>Less :Bad debts</td> <td style="text-align: right;">5,000</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">1,20,000</td> <td></td> </tr> <tr> <td></td> <td>Less: Provision for bad and doubtful debts</td> <td style="text-align: right;">6,000</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">1,14,000</td> <td></td> </tr> <tr> <td></td> <td>Less: Provision for discount on debtors</td> <td style="text-align: right;">2,280</td> <td style="text-align: right;">1,11,720</td> </tr> </tbody> </table>	Bad debts A/c	Dr 5,000	..... 1	To Sundry Debtors A/c		5,000	Profit and Loss A/c	Dr 6,000	..... 1	To Provision for bad and doubtful debts A/c		6,000	Profit and Loss A/c	Dr 2,280	..... 1	To Provision for discount on debtors		2,280	To Bad Debts A/c	5,000		To Provision for bad and doubtful debts A/c	6,000		To Provision for discount on debtors	2,280		Liabilities	Assets				Sundry Debtors	1,25,000			Less :Bad debts	5,000				1,20,000			Less: Provision for bad and doubtful debts	6,000				1,14,000			Less: Provision for discount on debtors	2,280	1,11,720	12
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45  
(b)

(Or)  
Statement of affairs as on 1-04-2000 .....4

Liabilities	Rs.	Assets	Rs.
Sundry creditors	2,000	Furniture	2,000
		Stock	5,000
Opening Capital	22,000	Sundry Debtors	6,000
		Cash	10,000
		Bills Receivable	1,000
	<b>24,000</b>		<b>24,000</b>

Statement of affairs of as on 31-03- 2001 .....4

.. Liabilities	Rs.	Assets	Rs.
Sundry creditors	3,500	Furniture 2000	
		Less Depreciation 200	1800
		Stock	6,000
		Sundry Debtors 4,000	
Closing Capital	33,600	Less Bad and doubtful debts 200	3,800
		Cash	20,000
		Bills Receivable	500
		Loan (Dr.)	1,000
		Investment	4,000
	<b>37,100</b>		<b>37,100</b>

Statement of Profit or Loss .....4

Closing Capital	33,600
Add : Drawing	2,000
	35,600
Less : Opening Capital	22,000
<b>Profit</b>	<b>13,600</b>

**Note : Award 4 marks for finding profits alone by any other method**

46	Factors determining the amount of depreciation :	3×4 = 12	12
	1. Original Cost of the Assets		
	2. Estimated life		
	3. Residual Value		

12

47	<p><b>Methods :</b></p> <ol style="list-style-type: none"> <li>1. Receipts and Payments Method</li> <li>2. Adjusted Profit and Loss Account Method or Cash Flow Method</li> <li>3. Balance Sheet Method</li> </ol> <p><b>Steps:</b></p> <ol style="list-style-type: none"> <li>1. Ascertain opening cash balance</li> <li>2. Add the estimated total cash receipts for the month</li> <li>3. Calculate the total cash available for the month</li> <li>4. Less the estimated total cash payments during the month</li> <li>5. Calculate the closing cash balance</li> </ol>	8x1½	12
48	<p><b>Factors affecting the value of goodwill:</b></p> <ol style="list-style-type: none"> <li>1. Quality</li> <li>2. Location</li> <li>3. Efficient management</li> <li>4. Competition</li> <li>5. Advantage of patents</li> <li>6. Time</li> <li>7. Customers attitude</li> <li>8. Nature of business</li> </ol>	8x1½	12

49

**Machinery Account**

.....9

Date	Particular	Rs.	Date	Particular	Rs.
01.04.12	To Bank a/c	80,000	31.03.13	By Depreciation a/c	8,000
				By Balance c/d	72,000
		<b>80,000</b>			<b>80,000</b>
01.04.13	To Balance b/d	72,000	31.03.14	By Depreciation a/c	8,000
				By Balance c/d	64,000
		<b>72,000</b>			<b>72,000</b>
01.04.14	To Balance b/d	64,000	31.03.15	By Depreciation a/c	8,000
				By Bank a/c	52,000
				By Profit or Loss a/c	4,000
		<b>64,000</b>			<b>64,000</b>

12

**Depreciation Account**

.....3

Date	Particular	Rs.	Date	Particular	Rs.
31.03.13	To Machinery a/c	8,000	31.03.13	By Profit and Loss a/c	8,000
31.03.14	To Machinery a/c	8,000	31.03.14	By Profit and Loss a/c	8,000
31.03.15	To Machinery a/c	8,000	31.03.15	By Profit and Loss a/c	8,000

1. Current Ratio =  $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

Current Ratio =  $\frac{135000}{90000}$

= 1.5 : 1

2. Liquid Ratio =  $\frac{\text{Liquid Assets}}{\text{Current Liabilities}}$

Liquid Ratio =  $\frac{90000}{90000}$

= 1:1

3. Absolute Liquid Ratio =  $\frac{\text{Absolute Liquid Assets}}{\text{Liquid Liabilities}}$

Absolute Liquid Ratio =  $\frac{30000}{60000}$

= 0.5:1



To Interest on Capital			By Net profit b/d	60000
Amuthan	8000		By Interest on drawings:	
Raman	<u>6000</u>	14000	Amuthan - 360	
To Salary - Amuthan	10000		Raman - <u>240</u>	600
Raman	<u>10000</u>	20000		
To Share of Profit				
Amuthan	15960			
Raman	<u>10640</u>	26600		
		60600		60600

## Capital Account

.....6

Particulars	Amuthan	Raman	Particulars	Amuthan	Raman
To Drawings	12000	8000	By Balance b/d	160000	120000
To Interest on drawings	360	240	By Interest on capital	8000	6000
			By Salary	10000	10000
			By Share of profit	15960	10640
To Balance c/d	181600	138400			
	<b>193960</b>	<b>146640</b>		<b>193960</b>	<b>146640</b>
			By Balance b/d	181600	138400

## Journal entries

.....6

Particulars		Debit Rs.	Credit Rs.
Share Capital a/c	Dr	50000	
	To Share forfeiture a/c		40000
	To Share Final Call a/c		10000
Bank a/c	Dr	35000	
Forfeited Share a/c	Dr	15000	
	To Share capital a/c		50000
Share forfeiture a/c	Dr	25000	
	To Capital reserve a/c		25000

## Share forfeiture Account

.....4

To Share capital a/c	15000	By Share capital a/c	40000
To Capital reserve a/c	25000		
	<b>40000</b>		<b>40000</b>

## Capital reserve Account

.....2

To Balance c/d	25000	By forfeiture share	25000
	<b>25000</b>		<b>25000</b>
		By Balance b/d	25000

**Note : If the entries alone are correct award three marks.**

Q. No	Answer any 3 Questions Question No.53 is compulsory	Marks																																																																																																																								
53 (a)	<p style="text-align: right;"><b>Statement of affairs as on 31.03.2002 ..... 3</b></p> <table border="1"> <thead> <tr> <th>Liabilities</th> <th>Rs.</th> <th>Assets</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Sundry Creditors</td> <td>28800</td> <td>Sundry Debtors</td> <td>18000</td> </tr> <tr> <td></td> <td></td> <td>Stock</td> <td>20000</td> </tr> <tr> <td>Opening Capital</td> <td>111200</td> <td>Machinery</td> <td>80000</td> </tr> <tr> <td></td> <td></td> <td>Furniture</td> <td>6000</td> </tr> <tr> <td></td> <td></td> <td>Cash</td> <td>16000</td> </tr> <tr> <td></td> <td><b>140000</b></td> <td></td> <td><b>140000</b></td> </tr> </tbody> </table> <p style="text-align: right;"><b>Total Debtors Account ..... 3</b></p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Rs.</th> <th>Particulars</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>To Balance b/d</td> <td>18000</td> <td>By Cash received</td> <td>60000</td> </tr> <tr> <td>To Credit sales</td> <td>68800</td> <td>By Discount allowed</td> <td>2800</td> </tr> <tr> <td></td> <td></td> <td>By Balance c/d</td> <td>24000</td> </tr> <tr> <td></td> <td><b>86800</b></td> <td></td> <td><b>86800</b></td> </tr> </tbody> </table> <p style="text-align: right;"><b>Total Creditor Account ..... 3</b></p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Rs.</th> <th>Particulars</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>To Cash paid</td> <td>40000</td> <td>By Balance b/d</td> <td>28800</td> </tr> <tr> <td>To Discount received</td> <td>3400</td> <td>By Credit purchase</td> <td>28200</td> </tr> <tr> <td>To Balanced c/d</td> <td>13600</td> <td></td> <td></td> </tr> <tr> <td></td> <td><b>57000</b></td> <td></td> <td><b>57000</b></td> </tr> </tbody> </table> <p style="text-align: right;"><b>Trading and Profit Loss Account for the year ended 31.03.2003 ..... 6</b></p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Rs.</th> <th>Particulars</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>To Opening Stock</td> <td>20000</td> <td>By Sales</td> <td></td> </tr> <tr> <td>To Purchase</td> <td></td> <td>Cash 80000</td> <td></td> </tr> <tr> <td>Cash 28000</td> <td></td> <td>Credit 68800</td> <td>148800</td> </tr> <tr> <td>Credit 28200</td> <td>56200</td> <td>By Closing stock</td> <td>32000</td> </tr> <tr> <td>To Wages</td> <td>4000</td> <td></td> <td></td> </tr> <tr> <td>To Gross profit</td> <td>100600</td> <td></td> <td></td> </tr> <tr> <td></td> <td><b>180800</b></td> <td></td> <td><b>180800</b></td> </tr> <tr> <td>To General expenses</td> <td>12000</td> <td>By Gross profit</td> <td>100600</td> </tr> <tr> <td>To Discount allowed</td> <td>2800</td> <td>By Discount received</td> <td>3400</td> </tr> <tr> <td>To Depreciation</td> <td>8000</td> <td></td> <td></td> </tr> <tr> <td>To Net Profit</td> <td>81200</td> <td></td> <td></td> </tr> <tr> <td></td> <td><b>104000</b></td> <td></td> <td><b>104000</b></td> </tr> </tbody> </table>	Liabilities	Rs.	Assets	Rs.	Sundry Creditors	28800	Sundry Debtors	18000			Stock	20000	Opening Capital	111200	Machinery	80000			Furniture	6000			Cash	16000		<b>140000</b>		<b>140000</b>	Particulars	Rs.	Particulars	Rs.	To Balance b/d	18000	By Cash received	60000	To Credit sales	68800	By Discount allowed	2800			By Balance c/d	24000		<b>86800</b>		<b>86800</b>	Particulars	Rs.	Particulars	Rs.	To Cash paid	40000	By Balance b/d	28800	To Discount received	3400	By Credit purchase	28200	To Balanced c/d	13600				<b>57000</b>		<b>57000</b>	Particulars	Rs.	Particulars	Rs.	To Opening Stock	20000	By Sales		To Purchase		Cash 80000		Cash 28000		Credit 68800	148800	Credit 28200	56200	By Closing stock	32000	To Wages	4000			To Gross profit	100600				<b>180800</b>		<b>180800</b>	To General expenses	12000	By Gross profit	100600	To Discount allowed	2800	By Discount received	3400	To Depreciation	8000			To Net Profit	81200				<b>104000</b>		<b>104000</b>	20
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To Balance b/d	18000	By Cash received	60000																																																																																																																							
To Credit sales	68800	By Discount allowed	2800																																																																																																																							
		By Balance c/d	24000																																																																																																																							
	<b>86800</b>		<b>86800</b>																																																																																																																							
Particulars	Rs.	Particulars	Rs.																																																																																																																							
To Cash paid	40000	By Balance b/d	28800																																																																																																																							
To Discount received	3400	By Credit purchase	28200																																																																																																																							
To Balanced c/d	13600																																																																																																																									
	<b>57000</b>		<b>57000</b>																																																																																																																							
Particulars	Rs.	Particulars	Rs.																																																																																																																							
To Opening Stock	20000	By Sales																																																																																																																								
To Purchase		Cash 80000																																																																																																																								
Cash 28000		Credit 68800	148800																																																																																																																							
Credit 28200	56200	By Closing stock	32000																																																																																																																							
To Wages	4000																																																																																																																									
To Gross profit	100600																																																																																																																									
	<b>180800</b>		<b>180800</b>																																																																																																																							
To General expenses	12000	By Gross profit	100600																																																																																																																							
To Discount allowed	2800	By Discount received	3400																																																																																																																							
To Depreciation	8000																																																																																																																									
To Net Profit	81200																																																																																																																									
	<b>104000</b>		<b>104000</b>																																																																																																																							

Balance Sheet as on 31.03.2003				..... 5
Liabilities		Rs.	Assets	
Capital	111200		Sundry debtors	24000
Add : Net Profit	81200		Stock	32000
	192400		Machinery	80000
Less : Drawing	16000	176400	Less Depreciation	8000
Sundry creditors		13600	Furniture	6000
			Cash	56000
		190000		190000

OR

Revaluation Account				..... 5
Particulars	Rs	Particulars	Rs.	
To Provision for doubtful debts	200	By Land	10000	
To Stock	4000	By Investments	10000	
To Profit on revaluation		By Sundry Creditors	1000	
Prasanna	10080			
Nirmala	6720			
	21000		21000	

  

Capital Account				..... 5			
Particulars	Prasanna	Nirmala	Parimala	Particulars	Prasanna	Nirmala	Parimala
To Balance c/d	125280	93520	40000	By Balance b/d	60000	50000	-
				By Revaluation A/c	10080	6720	-
				By Reserve fund	12000	8000	-
				By Good will	43200	28800	
				By Bank or Cash			40000
	125280	93520	40000		125280	93520	40000
				By Balance b/d	125280	93520	40000

**Balance Sheet as on 01.01.2005** .....

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Liabilities		Rs.	Assets		Rs.
Capital			Land and Buildings	80000	
Prasanna	125280		Add : Appreciation	10000	90000
Nirmala	93520		Plant and Machinery		20000
Parimala	40000	258800	Investment s	40000	
Sundry Creditors	32000		Add : Appreciation	10000	50000
Less :Written off	1000	31000	Stock	22000	
Bills Payable		13600	Less :Decrease	4000	18000
			Sundry Debtors	10000	
			Less :Doubtful debts	600	9400
			Cash	4000	
			Add Parimala's capital a/c	40000	44000
			Goodwill		72000
		<b>303400</b>			<b>303400</b>

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**Trading and Profit Loss Account for the year ended 31<sup>st</sup> March 2015,** .....

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Particulars		Rs.	Particulars		Rs.
To Opening stock		26000	By Sales		250000
To Purchase		200000	By Closing stock		39000
To Gross profit		63000			
		<b>289000</b>			<b>289000</b>
To Salary		10000	By Gross profit		63000
To Rent	7500		By Interest on drawings		4000
Add Outstanding	1000	8500			
To Insurance premium		1500			
To Interest on capital		30000			
To Depreciation		2500			
To Net Profit		14500			
		<b>67000</b>			<b>67000</b>

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**Balance Sheet as on 31<sup>st</sup> March 2015** .....

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Liabilities		Rs.	Assets		Rs.
Capital	300000		Machinery		140000
Add Net profit	14500		Cash at bank		22500
	314500		Computers		125000
Add : Interest on capital	30000		Furniture	50000	
	344500		Less Depreciation	2500	47500
Less Drawing	50000		Cash		10000
	294500		Sundry Debtors		12500
Less Interest on drawing	4000	290500	Closing Stock		39000
Sundry Creditors		105000			
Outstanding Rent		1000			
		<b>396500</b>			<b>396500</b>

$$\begin{aligned}
 1. \text{ Gross Profit Ratio} &= \frac{\text{Gross Profit}}{\text{Sales}} \times 100 \\
 &= \frac{40000}{160000} \times 100 \\
 &= 25\%
 \end{aligned}$$

$$\begin{aligned}
 2. \text{ Net Profit Ratio} &= \frac{\text{Net Profit}}{\text{Sales}} \times 100 \\
 &= \frac{16000}{160000} \times 100 \\
 &= 10\%
 \end{aligned}$$

$$\begin{aligned}
 3. \text{ Operating Profit Ratio} &= \frac{\text{Operating Profit}}{\text{Sales}} \times 100 \\
 &= \frac{24000}{160000} \times 100 \\
 &= 15\%
 \end{aligned}$$

$$\begin{aligned}
 4. \text{ Operating Ratio} &= \frac{\text{Cost of goods sold + Operating Expenses}}{\text{Sales}} \times 100 \\
 &= \frac{136000}{160000} \times 100 \\
 &= 85\%
 \end{aligned}$$

Or

$$\begin{aligned}
 \text{Operating ratio} &= 100\% - \text{Operating profit ratio} \\
 &= 100\% - 15\% \\
 &= 85\%
 \end{aligned}$$

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Cash budget for the month of March, April and May 2005

20x1=20

20

Particulars	March Rs.	April Rs.	May Rs.
Opening Cash balance	80000	75000	105000
<b>Add</b> Estimated Cash receipts			
Cash Receivable from customers	135000	175000	120000
Sale of Asset	-	25000	-
	<b>215000</b>	<b>275000</b>	<b>225000</b>
<b>Less</b> Estimated Cash payments			
Payment to suppliers	75000	100000	85000
Administration and Selling expenses	65000	70000	80000
Purchase of fixed Assets	-	-	25000
	<b>140000</b>	<b>170000</b>	<b>190000</b>
<b>Closing Cash Balance</b>	<b>75000</b>	<b>105000</b>	<b>35000</b>

Note : For all Entries each one mark except opening cash balances.

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## Journal Entries

.....8

Particulars	Debit Rs.	Credit Rs.
Bank a/c Dr	12000	
To Share Application a/c		12000
Share Application a/c Dr	12000	
To Share capital a/c		12000
Share allotment a/c Dr	30000	
To Share capital a/c		18000
To Premium a/c		12000
Bank a/c Dr	30000	
To Share allotment a/c		30000
Share first call a/c Dr	18000	
To Share capital a/c		18000
Bank a/c Dr	18000	
To Share first call a/c		18000
Share final call a/c Dr	12000	
To Share capital a/c		12000
Bank a/c Dr	12000	
To Share final call a/c		12000

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**Bank Account** .....3

Particulars	Rs.	Particulars	Rs
To Share application	12000	By Balance c/d	72000
To Share allotment	30000		
To Share first Call	18000		
To Share final Call	12000		
	<b>72000</b>		<b>72000</b>
To Balance b/d	72000		

**Share Capital Account** .....3

Particulars	Rs.	Particulars	Rs
To Balance c/d	60000	By Share application	12000
		By Share allotment	18000
		By Share first Call	18000
		By Share final Call	12000
	<b>60000</b>		<b>60000</b>
		By Balance b/d	60000

**Premium Account** .....2

Particulars	Rs.	Particulars	Rs
To Balance c/d	12000	By Share allotment	12000
	<b>12000</b>		<b>12000</b>
		By Balance b/d	12000

**Balance Sheet** .....4

Liabilities	Rs.	Assets	Rs.
Share Capital:			
Authorised Capital	<u>300000</u>	Bank	72000
Issued Capital	<u>60000</u>		
Subscribed Capital	<u>60000</u>		
Called up Capital	<u>60000</u>		
Paid up Capital	60000		
Reserves & Surplus :			
Premium	12000		
	<b>72000</b>		<b>72000</b>

**Note: If Journal Entries are correct give ½ mark for each entry**