

**DIRECTORATE OF GOVERNMENT EXAMINATIONS, CHENNAI-6**  
**HSC SECOND YEAR EXAMINATION- MARCH/ APRIL 2023**  
**ACCOUNTANCY KEY ANSWER**

- 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 - I

20×1=20

I. Choose the correct answer					
A Type			B Type		
1	A	2:3	1	b	Company Features
2	c	6% per annum	2	a	Liabilities
3	c	Rs. 3,00,000	3	a	2:3
4	D	Working capital	4	c	Gain
5	b	Goodwill is an intangible asset	5	d	Working capital
6	A	15	6	c	Life membership fees
7	a	6 times	7	a	Partner's salary
8	d	Capital reserve account	8	a	Retiring partner's Loan A/c
9	a	Company features	9	b	Rs. 30,000
10	b	Capital account of all the partners	10	d	Withdrawal of cash from bank for office use
11	b	Rs. 30,000	11	d	Long term solvency
12	d	Long term solvency	12	c	The sacrificing partners
13	D	Withdrawal of cash from bank for office use	13	a	6 times
14	a	Gain	14	a	15
15	a	Liabilities	15	d	Capital Reserve account
16	c	Life Membership fees	16	a	Rs. 10 000
17	a	Retiring partner's Loan A/c	17	b	Goodwill is an intangible asset
18	a	The sacrificing partner	18	c	6% per annum
19	A	Partner s salary	19	b	Capital account of all the partners
20	a	Rs. 10,000	20	c	Rs. 3,00,000

PART - II																				
Answer any SEVEN Questions in which question No.30 is compulsory																				
21	1.Cash account 2.Personal account	2																		
22.	1. Honorarium 2. Charity 3 Audit fees 4. Purchase of sports materials 5. Printing and Stationary 6. Postage and courier charges 7. Expenses relating to a)Tournament, B)Sports, c) Matches, d)Entertainments, e)Dinner (Any 4) (Mark to be awarded for any other revenue expenditure)	$4 \times \frac{1}{2} = 2$																		
23.	1. When there is a change in the profit sharing ratio 2. When a new partner is admitted into a firm 3. When an existing partner retires from the firm or when a partner dies 4 When a partnership firm is dissolved (Any 2)	$2 \times 1 = 2$																		
24.	Deceased partner's capital A/c Dr To Deceased partner's executor A/c	2																		
25	When the number of shares applied for is more than the number of shares offered for subscription, it is said to be over subscription.	2																		
26.	Quick ratio gives the proportion of quick assets to current liabilities.	2																		
27.	1. Day books/Journal 2. Ledger 3. Trial balance 4. Income statement 5. Balance sheet 6. Cash flow statement (Any 5)	2																		
28.	Statement of the profit or loss for the year ended 31 Dec 2021 <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>particulars</th> <th>Rs</th> </tr> </thead> <tbody> <tr> <td>31.12.2021 capital</td> <td>3,60,000</td> </tr> <tr> <td>Add: Drawings</td> <td>50,000</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black;">4,10,000</td> </tr> <tr> <td>Less: Additional capital</td> <td>20,000</td> </tr> <tr> <td>Adjusted closing capital</td> <td style="border-top: 1px solid black;">3,90,000</td> </tr> <tr> <td>Less: 1.1.2021 Capital</td> <td>2,60,000</td> </tr> <tr> <td>Profit</td> <td style="border-top: 1px solid black;">1,30,000</td> </tr> <tr> <td colspan="2">(for any other methods mark to be awarded)</td> </tr> </tbody> </table>	particulars	Rs	31.12.2021 capital	3,60,000	Add: Drawings	50,000		4,10,000	Less: Additional capital	20,000	Adjusted closing capital	3,90,000	Less: 1.1.2021 Capital	2,60,000	Profit	1,30,000	(for any other methods mark to be awarded)		2
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(for any other methods mark to be awarded)																				
29.	Interest on drawings = Total drawings $\times$ Rate of interest $\times$ $\frac{\text{Average period}}{12}$ Total drawings = $12,000 \times 2 = 24,000$ $= 24,000 \times \frac{10}{100} \times \frac{9}{12} = \text{Rs. } 1,800$ (for any other methods mark to be awarded)	1  1																		

30	No. of Years of purchase = $\frac{1,20,000}{40,000} = 3 \text{ Years}$ (for any other methods mark to be awarded)	2
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PART - III

Answer any SEVEN Questions in which question No.40 is compulsory.

7×3=21

Q No	CONTENT	MARKS
31.	1. Recording of transactions 2. Type of accounts maintained 3. Preparation of trial balance 4. Determination of true profit or loss 5. Determination of financial position 6. Suitability 7. Reliability 8. Acceptability (any 3 with explanation)	3
32.	1) Honorarium - Revenue 2) Purchase of sports equipment - Capital 3) Purchase of books for library - Capital	1 1 1
33	Interest on capital= Amount of capital × Rate of interest per annum × period of interest Interest on Antony's capital Opening capital = $60,000 \times \frac{6}{100}$ = Rs. 3,600 Additional capital = $10,000 \times \frac{6}{100} \times \frac{9}{12}$ = Rs. 450 Interest on capital = Rs. 4,050 Interest on Akbar's capital: Opening capital = $40,000 \times \frac{6}{100}$ = Rs. 2,400 Additional capital = $5,000 \times \frac{6}{100} \times \frac{6}{12}$ = Rs. 150 Interest on capital = Rs. 2,550	3
34	1. Profitability of the firm 2. Favourable location of the business enterprise 3. Good quality of goods or services offered 4. Tenure of the business enterprise 5. Efficiency of management 6. Degree of competition 7. Other factors (Any 6)	6×1/2=3

35	a)	Date	Particulars	Debit Rs.	Credit Rs.	1	1 <hr/> 2
		1.4.2018	Sam capital a/c Jose capital a/c To Goodwill A/c (Existing goodwill written off)	12,000 8 000	20,000		
		Date	Particulars	Debit Rs.	Credit Rs.	1	1 <hr/> 2
		1.4.2018	Sam capital a/c Jose capital a/c To Goodwill A/c (Existing goodwill written off to extent of 10 000)	6,000 4,000	10,000		
36	The excess amount paid over the called up value of a share is known as calls in advance. It is the excess money paid on application or allotment or calls. Such excess amount can be returned or adjusted towards future payment. (some related explanation give marks)					3	
37	Common-size income statement of kumar Ltd						3
	Particulars		Amount	Percentage of revenue from operations			
	Revenue from operations		5,00,000	100			
	Add: Other income		20 000	4			
	Total revenue		5,20,000	104			
Less: Expenses		3,00,000	60				
Profit before tax		2,20,000	44				
38	Date	Particulars	Debit	Credit	3		
	31.3.2017	General reserve A/c Dr To vivin's capital A/c To Harish s capital A/c To Joy's capital A/C (General reserve transferred to all partner's account)	60,000	20,000 20,000 20,000			
39	<ol style="list-style-type: none"> <li>1. Receipt Voucher</li> <li>2. Payment Voucher</li> <li>3. Contra Voucher</li> <li>4. Purchase Voucher</li> <li>5 Sales Voucher</li> </ol>					3	

	6 Journal Voucher	
40	1. Inventory take some time to sale. 2. Prepaid expenses paid in advance (or) cannot easily convertible into cash	3

PART -IV

Answer all the Questions:

Q.No	CONTENT	MARKS																																
41 a)	<p style="text-align: center;">Statement of affairs of Subha 31 03.2019.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">Liabilities</th> <th style="width: 15%;">Rs</th> <th style="width: 35%;">Assets</th> <th style="width: 15%;">Rs</th> </tr> </thead> <tbody> <tr> <td>Bank over draft</td> <td style="text-align: right;">50,000</td> <td>Debtors</td> <td style="text-align: right;">1,80,000</td> </tr> <tr> <td>Creditors</td> <td style="text-align: right;">90,000</td> <td>Bills receivable</td> <td style="text-align: right;">70,000</td> </tr> <tr> <td>Bills payable</td> <td style="text-align: right;">2,40,000</td> <td>Computers</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td>Capital (Balancing figure)</td> <td style="text-align: right;">4,20,000</td> <td>Machinery</td> <td style="text-align: right;">3,00,000</td> </tr> <tr> <td></td> <td></td> <td>Stock in trade</td> <td style="text-align: right;">1,60,000</td> </tr> <tr> <td></td> <td></td> <td>Cash in hand</td> <td style="text-align: right;">60,000</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">8,00,000</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">8,00,000</td> </tr> </tbody> </table>	Liabilities	Rs	Assets	Rs	Bank over draft	50,000	Debtors	1,80,000	Creditors	90,000	Bills receivable	70,000	Bills payable	2,40,000	Computers	30,000	Capital (Balancing figure)	4,20,000	Machinery	3,00,000			Stock in trade	1,60,000			Cash in hand	60,000		8,00,000		8,00,000	3
	Liabilities	Rs	Assets	Rs																														
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Profit	2,90,000																																	

41 b)	<b>Revaluation Account</b>								1
	Particular		Rs	Particulars		Rs			
	To Stock		2,000	By Building		5,000			
	To Furniture		100						
	To Debtors		800						
	To profit on revaluation								
	Rajan capital A/c		1,575						
	Selva capital A/c		<u>525</u>						
			2,100						
			5,000			5,000			
<b>Capital Account</b>								2	
Particulars	Rajan	Selva	Ganesan	Particulars	Rajan	Selvan	Ganesan		
To Profit and Loss a/c	7 500	2,500	--	By Balance b/d	30,000	16,000	--		
				By Bank a/c	--	--	10,000		
				By Revaluation a/c	1,575	575	--		
To Balance c/d	27,075	15,025	10,000	By General reserve	3,000	1,000	-		
	34,575	17,525	10,000		34 575	17,525	10,000		
<b>Balance Sheet as on 1.04.2017</b>								2	
Liabilities		Rs	Rs	Assets		Rs	Rs		
Capital a/c				Building	25,000				
Rajan		27,075		Add: Appreciation	5,000		30,000		
Selva		15,025		Furniture	1,000				
Ganesan		10,000	52,100	Less: Depreciation	100		900		
Creditors			37,500	Stock	20,000				
				Less: Depreciation	2,000		18,000		
				Debtors	16,000				
				Less: Doubtfull debts	800		15,200		
				Bills receivable	800		3,000		
				Cash at bank					
				Add: Ganesan capital	12,500				
					<u>10,000</u>		22,500		
			89,600				89,600		
42 a)	<b>Bills receivable account</b>								2
	Particular		Rs	Particulars		Rs			
	To Balance b/d		60,000	By Cash a/c		1,60,000			
	To Debtors a/c		2,05,000	By Debtors a/c By		15,000			
				Balance c/d		90,000			
		2,65,000			2,65,000				

		Total Debtors account					
		Particulars	Rs	Particulars	Rs		
		To Balance b/d	2,50,000	By Cash a/c	7,25,000	2	
		To Bills receivable a/c	15,000	By Bad debts a/c	30,000		
		To Sales a/c (Credit) (Balancing figure)	9,85,000	By Returns inwards a/c	50,000		
				By Bills receivable a/c	2,05,000		
				By Balance c/d	2,40,000		
			12,50,000		12,50,000		
		Total Sales = 9,85,000 + 3,15,000 = 13,00,000				1	
42 b)		1. Maintaining accounting records 2. Inventory management 3. Pay roll preparation 4. Report generation 5. Data import/export 6. Taxation (Any 5 with explanation )				5	
		In the books of Trichy Educational Society Receipts and Payments Account for the Year ended 31.12.2018.					
		Receipts	Rs	Payments	Rs		
		To Balance b/d		By Investment made	80,000	5	
		Cash in hand	20,000	By honorarium paid	3,000		
		To Donation received	80,000	By Audit fees	2,000		
		To locker rent received	12,000	By General reserve	7,000		
		To Sale of furniture	5,000	By Postage	1,000		
		To Subscription	10,000	By Balance c/d Cash in hand	34,000		
			1,27,000		1,27,000		
43 a)							
		i)	Date	Particulars	Debit	Credit	2
				Machinery a/c Dr To Jagan Traders a/c (Purchase of machinery)	6,00,000	6,00,000	
		ii)	Date	Particulars	Debit	Credit	2
				Machinery a/c Dr To Jagan Traders a/c (Purchase of machinery)	6,00,000	6,00,000	
43 b)						2	

		Jagan Traders a/c Dr To Equity share capital a/c To Securities premium a/c (Issue of 40,000 shares of Rs 10 each at a premium of 50%)	6,00 000	4,00,000 2,00,000		
44 a)	In the book of Trichy Recreation Club Income and Expenditure Account for the year ended 31.03.2018					5
	Expenditure		Rs	Income		Rs
	To Rent	2,800	By dividend received	27,600		
	To Secretary's honorarium	15,000	By Sale of old newspaper	3,000		
	To Postage	1,700	By Members subscription	31,000		
	To General expenses	4,350	By Locker rent	8,000		
	To Printing and stationary	45,000	By interest on investment	1,250		
	To Audit fees	5,000	By Profit on Sale of furniture	600		
			By Deficit	2,400		
		73,850		73,850		
44 b)	Comparative Balance Sheet					5
	Particulars	31 03.2017	31.03.2018	amount of (+) or (-)	Percentage (+) or (-)	
	<b>I. EQUITY AND LIABILITIES</b>					
	1. Shareholder fund					
	(a) Share capital	3,00,000	3,60,000	+ 60,000	+ 20	
	(b) Reserve and surplus	50,000	50,000	-	-	
	2. Non current Liabilities					
	Long term borrowings	50,000	40,000	-10,000	-20	
	3. Current Liabilities					
	Trade payables	20,000	12,000	-8,000	-40	
	<b>Total</b>	<b>4,20,000</b>	<b>4,62,000</b>	<b>+42,000</b>	<b>+10</b>	
	<b>II. ASSETS</b>					
	1. Non Current Assets					
	(a) Fixed assets	2,50,000	2,90,000	+ 40,000	+ 16	
	(b) Non current investments	50,000	40,000	- 10,000	- 20	
	2. Current assets					
	Inventories	80,000	1,00,000	+ 20,000	+ 25	
	Cash and Cash Equivalents	40,000	32,000	-8,000	- 20	
	<b>Total</b>	<b>4,20,000</b>	<b>4,62,000</b>	<b>+ 42,000</b>	<b>+ 10</b>	



45 a)	i)	31.03.2019	Naresh capital a/c Dr Mani capital a/c Dr Muthu capital a/c Dr To goodwill a/c (Existing goodwill written off)	16,000 16,000 8,000		40,000	1 2 <hr/> 2		
	ii)		Naresh capital a/c Dr Mani capital a/c Dr Muthu capital a/c Dr To goodwill a/c (Half off the existing goodwill written off)	8,000 8,000 4,000		20,000	1 2 <hr/> 2		
Trend Analysis for Kurinji Ltd									
45 b)	Particulars		2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	5
	Revenue from operations		120	132	156	100	110	130	
	Add: Other income		50	38	65	100	76	130	
	Total revenue		170	170	221	100	100	130	
	Less: Expenses		100	135	123	100	135	123	
Profit		70	35	98	100	50	140		
46 a)	1.Number of accounts 2.Change in capital 3.Closing balance 4.Adjustments (with explanation)							5	
Calculation of adjusted profit									
46 b)	Particulars		2016 Rs.	2017 Rs.	2018 Rs.				
	Profit		46,000	44,000	50,000				
	Less : Non-recurring income		5,000	-	-				
			41,000	44,000	50,000				
	Less: Over valuation of closing stock		-	10,000	-				
			41,000	34,000	50,000				
Add: Over valuation of opening stock		-	-	10,000					
Profit after adjustments		41,000	34,000	60,000					
		1,35,000							
Average profit = $\frac{1,35,000}{3}$ = Rs. 45 000								1	
Goodwill = Average profit × Number of years of purchase								1	
= 45,000 × 2 = Rs. 90,000								1	

		In the books of Progress Ltd Journal entries					
Date	Particular		Debit	Credit			
47 a)	Bank A/c	Dr	60,000			5	
	To Equity share capital A/c			60,000			
	(Application money received)						
	Equity share application A/c	Dr	60,000				
	To Equity share capital A/c			60,000			
	(Transfer of share money to share capital)						
	Equity share allotment A/c	Dr.	1,20,000				
	To Equity share capital A/c			1,20,000			
	(Share allotment money due )						
Bank A/c	Dr.	1,20,000					
To Equity share allotment A/c			1,20,000				
(Allotment money received)							
Equity share first call A/c	Dr.	60,000					
To Equity share capital A/c			60,000				
( Share first call money due)							
Bank A/c	Dr	60,000					
To Equity share first call A/c			60,000				
(Share first call money received)							
Equity share second & final call A/c	Dr.	60,000					
To Equity share capital A/c			60,000				
(Share second & final call money due)							
Bank A/c	Dr.	60,000					
To Equity share second & final call A/c			60,000				
(Share second & final call money received)							
(If journal entry alone is correct , 2 marks can be awarded)							
47 b)	1) Current ratio = $\frac{\text{Current assets}}{\text{Current liabilities}}$ $= \frac{15,00,000}{5,00,000} = 3:1$						$2 \frac{1}{2}$
	2) Quick ratio = $\frac{\text{Quick assets}}{\text{Current liabilities}}$ $= \frac{10,00,000}{5,00,000} = 2:1$						$2 \frac{1}{2}$