

**+2 Accountancy**

Time: 3 Hours

Max. Marks: 90

Section A

(20 x 1=20 Marks)

- Answer all the questions under this section.
- Each question carries one mark
- Choose the most suitable answer from the given four alternatives and write the option code and the corresponding answer

Choose the correct answer

1. Statement of affairs is a.
(a) Statement of income and expenditure (b) Statement of assets and liabilities
(c) Summary of cash transactions (d) Summary of credit transactions
2. The excess of assets over liabilities is
(a) Loss (b) Cash
(c) Capital (d) Profit
3. Receipts and payments account records receipts and payments of
(a) Revenue nature only (b) Capital nature only
(c) Both revenue and capital nature (d) None of the above
4. Income and Expenditure Account is prepared to find out
(a) Profit or loss (b) Cash and bank balance
(c) Surplus or deficit (d) Financial position
5. When a partner withdraws regularly a fixed sum of money at the middle of every month, period for which interest is to be calculated on the drawings on an average is
(a) 5.5 months (b) 6 months
(c) 12 months (d) 6.5 months
6. **Assertion (A):** Sacrificing ratio is the proportion of the profit which is sacrificed or foregone by the old partners in favour of the new partner.
Reason (R): The purpose of finding the sacrificing ratio is to share the General reserve.
Select the correct answer:
(a) Both (A) and (R) are true and (R) is the correct explanation of (A)
(b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
(c) (A) is true, but (R) is false (d) (A) is false, but (R) is true
7. Book profit of 2017 is ₹35,000; non-recurring income included in the profit is ₹ 1,000 and abnormal loss charged in the year 2017 was ₹ 2,000, then the adjusted profit is
(a) ₹ 36,000 (b) ₹ 35,000 (c) ₹ 38,000 (d) ₹ 34,000
8. Pick the odd one out
(a) Partners share profits and losses equally
(b) Interest on partner's capital is allowed at 7% per annum.
(c) No salary or remuneration is allowed to partners
(d) Interest on loan from partners is allowed at 6% per annum.
9. On revaluation, the increase in the value of assets leads to.
(a) Gain (b) Loss
(c) Expense (d) None of these

10. If the old profit sharing ratio is more than the new profit sharing ratio of a partner, the difference is called
 (a) Capital ratio (b) Sacrificing ratio
 (c) Gaining ratio (d) None of these
11. On retirement of a partner, general reserve is transferred to the
 (a) Capital account of all the partners (b) Revaluation account
 (c) Capital account of the continuing partners
 (d) Memorandum revaluation account
12. If the final amount due to a retiring partner is not paid immediately, it is transferred to
 (a) Bank account (b) Retiring partner's capital account
 (c) Retiring partner's loan account (d) Other partner's capital account
13. Which of the following statement is false?
 (a) Issued capital can never be more than the authorised capital
 (b) In case of under subscription, issued capital will be less than the subscribed capital.
 (c) Reserve capital can be called at the time of winding up.
 (d) Paid up capital is part of called up capital.
14. The part of share capital which can be called up only on the winding up of a company is called -----
 (a) Authorised capital (b) Called up capital
 (c) Capital reserve (d) Reserve capital
5. Which of the following tools of financial statement analysis is suitable when data relating to several years are to be analysed?
 (a) Cash flow statement (b) Common size statement
 (c) Comparative statement (d) Trend analysis
6. Which one of the following is correctly matched?
 (a) Current assets - Furniture + Machinery
 (b) Quick assets - Current assets + Inventory
 (c) Fixed assets - Goodwill + Short term investments
 (d) Operating expenses - Selling expenses + Office expenses
17. Proportion of shareholder's funds to total assets is called
 (a) Proprietary ratio (b) Capital gearing ratio
 (c) Debt equity ratio (d) Current ratio
18. Debt equity ratio is a measure of
 (a) Short term solvency (b) Long term solvency
 (c) Profitability (c) Efficiency
19. Match List I with List II and select the correct answer using the codes given below.
- | List I | | List II | |
|-----------------------|---|---------|--|
| (i) Receipts voucher | - | (1) F4 | |
| (ii) Payment voucher | - | (2) F9 | |
| (iii) Contra voucher | - | (3) F5 | |
| (iv) Purchase voucher | - | (4) F6 | |
- | Codes: | (i) | (ii) | (iii) | (iv) |
|--------|-----|------|-------|------|
| (a) | 2 | 3 | 4 | 1 |
| (b) | 4 | 3 | 1 | 2 |
| (c) | 2 | 4 | 3 | 1 |
| (d) | 3 | 2 | 4 | 1 |

20. Accounting report prepared according to the requirements of the user is
 (a) Routine accounting report (b) Special purpose report
 (c) Trial balance (d) Balance sheet

Section B

(7 x 2 = 14 Marks)

Answer any SEVEN questions under this section

Each question carries TWO marks

(Question No. 30 is compulsory)

21. What is meant by incomplete records?
 22. Write a short note on life membership fees.
 23. Kevin and Francis are partners. Kevin draws ₹ 5,000 at the end of each quarter. Interest on drawings is chargeable at 6% p.a. Calculate interest on drawings for the year ending 31st March 2019 using average period method.
 24. State any two circumstances under which goodwill of a partnership firm is valued.
 25. Praveena and Dhanya are partners 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.
 26. What is gaining ratio?
 27. Arjun was holding 1,000 equity shares of ₹ 10 each of Vanavil of Electronics Ltd., issued at par. He paid ₹ 3 on application, ₹ 4 on allotment but could not pay the first and final call of ₹ 3. The directors forfeited the shares for non-payment of call money. Give journal entry for forfeiture of shares.
 28. When is trend analysis preferred to other tools?
 29. What is a group in Tally. ERP 9?
 30. Name any two liquidity ratios.

Section C

(7 x 3 = 21 Marks)

Answer any SEVEN questions under this section

Each question carries THREE marks

(Question number 40 is compulsory)

31. From the following particulars, prepare bills receivable account and compute the bills received from the debtors

Particulars	₹
Bills receivable at the beginning of the year	1,40,000
Bills receivable at the end of the year	2,00,000
Cash received for bills receivable	3,90,000
Bills receivable dishonoured	30,000

32. How will the following appear in the final accounts of Vedaranyam Sports Club?

Particulars	₹
Opening stock of bats and balls	3,000
Purchase of bats and balls during the year	17,000
Sale of old bats and balls	2,000
Closing stock of bats and balls	4,000

33. The profits and losses of a firm for the last four years were as follows: 2015: ₹ 15,000; 2016: ₹ 17,000; 2017: ₹ 6,000 (Loss); 2018: ₹ 14,000. You are required to calculate the amount of goodwill on the basis of 5 years purchase of average profits of the last 4 years.
 34. Mala and Anitha are partners sharing profits and losses in the ratio of 3:2. Mercy is admitted into the partnership with 1/5 share in the profits. Calculate new profit sharing ratio and sacrificing ratio.
 35. Distinguish between sacrificing ratio and gaining ratio (any three).
 36. Rajan Ltd. purchased machinery of ₹ 6,00,000 from Jagan Traders. It issued equity shares of ₹ 10 each fully paid in satisfaction of their claim. What entries will be made if such issue is
 (a) at par and (b) at premium of 50%

37. Explain any three applications of computerized accounting system.

38. From the following particulars, prepare comparative income statement of Barani Ltd.

Particulars	2016-17 ₹	2017-18 ₹
Revenue from operations	30,000	45,000
Other income	4,000	6,000
Expenses	10,000	15,000
Income tax	30%	30%

39. Calculate quick ratio of Ananth Constructions Ltd from the information given below.

Particulars	2016-17 ₹
Total current liabilities	1,00,000
Total current assets	2,50,000
Inventories	50,000
Prepaid expenses	15,000

40. How do you prepare Tanjore Sports Club balance sheet as on 31.3. 2019.

Medal distribution fund ₹98,400

Interest on the fund investment ₹ 28,900

Medals distributed ₹ 28,700

Section D

(7 × 5 = 35 Marks)

(Answer ALL questions under this section)

41(a). From the following receipts and payments account of Tenkasi Thiruvalluvar Manram, prepare income and expenditure account for the year ended 31st March, 2019.

Receipts	₹	Payments	₹
To balance b/d		By Salaries	20,000
Cash in hand	14,000	By Rent	24,000
To Interest received	5,000	By Travelling expenses	2,000
To Subscription	55,000	By Printing and stationery	6,000
To Legacies	48,000	By Investments made	50,000
To Entrance fees	7,000	By Sports equipment purchased	33,000
To Sale of furniture		By Balance c/d	
(Book value ₹ 17,000)	16,000	Cash in hand	10,000
	1,45,000		1,45,000

(OR)

(b) From the following particulars calculate total purchases.

Particulars	₹	Particulars	₹
Sundry creditors on 1 st Jan, 2018	30,000	Purchases returns	15,000
Bills payable on 1 st January, 2018	25,000	Cash purchases	2,25,000
Paid cash to creditors	1,20,000	Creditors on 31 st December, 2018	25,000
Paid for bills payable	30,000	Bills payable on 31 st Dec. 2018	20,000

42(a). Santhosh 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	(₹)
February 1	2,000
May 1	10,000
July 1	4,000
October 1	6,000

Calculate the amount of interest on drawings by using product method.

(OR)

(b) On 1st April 2018, Subha started her business with a capital of ₹ 1,20,000. She did not maintain proper books of accounts. Following particulars are available from her books as on 31.03.2019.

Particulars	₹	Particulars	₹
Bank overdraft	50,000	Stock-in-trade	1,60,000
Debtors	1,80,000	Creditors	90,000
Bills receivable	70,000	Bills payable	2,40,000
Computer	30,000	Cash in hand	60,000
Machinery	3,00,000		

During the year she withdrew ₹ 30,000 for her personal use. She introduced further capital of ₹ 40,000 during the year. Calculate her profit or loss.

43(a) The following particulars are available in respect of a business carried on by a partnership firm.

- Profits earned : 2016: ₹ 30,000; 2017: ₹ 29,000; and 2018: ₹ 32,000
- Profit of 2016 includes a non-recurring income of ₹ 3,000.
- Profit of 2017 is reduced by ₹ 2,000 due to stock destroyed by fire.
- The stock is not insured. But, it is decided to insure the stock in future. The insurance premium is estimated at ₹ 5,600 per annum.

You are required to calculate the value of goodwill on the basis of 2 years purchase of average profits of the last three years.

(OR)

(b) A partnership firm earned net profits during the last three years as follows:

2016: ₹ 20,000; 2017: ₹ 17,000; and 2018: ₹ 23,000

The capital investment of the firm throughout the above mentioned period has been

₹ 80,000. Having regard to the risk involved, 15% is considered to be a fair return on capital employed in the business. Calculate the value of goodwill on the basis of 2 years purchase of super profit.

44(a) Hari, Madhavan and Kesavan are partners, sharing profits and losses in the ratio of 5:3:2. As from 1st April, 2017, Vanmathi is admitted into the partnership and the new profit sharing ratio is decided as 4:3:2:1. The following adjustments are to be made.

- Increase the value of premises by ₹ 60,000.
- Depreciate stock by ₹ 5,000, furniture by ₹ 2,000 and machinery by ₹ 2,500.
- Provide for an outstanding liability of ₹ 500.

Pass journal entries and prepare revaluation account.

(OR)

(b) Raghu, Ravi and Ramesh are partners in a firm sharing profits and losses in the ratio of 2:3:1. Their balance sheet as on 31st March, 2019 was as follows:

Liabilities	₹	₹	Assets	₹	₹
Capital accounts:			Buildings		60,000
Raghu	30,000		Machinery		70,000
Ravi	40,000		Stock		20,000
Ramesh	20,000	90,000	Debtors	18,000	
Reserve fund		36,000	Less: Provision for bad debts	1,000	17,000
Sundry creditors		50,000	Cash at bank		9,000
		1,76,000			1,76,000

Ramesh retires on 31.3.2019 subject to the following conditions:

- Goodwill of the firm is valued at ₹ 24,000
- Machinery to be depreciated by 10%
- Buildings to be appreciated by 20%
- Stock to be appreciated by ₹ 2,000
- Provision for bad debts to be raised by ₹ 1,000
- Profit on revaluation is ₹ 6,000
- Final amount due to Ramesh is not paid immediately.

Prepare partner's capital account and show the balance sheet of the firm after retirement.

45(a). Sampath company issued 25,000 equity shares at ₹ 10 per share payable ₹ 3 on application, ₹ 4 on allotment, ₹ 3 on first and final call. The public subscribed for 24,000 shares. The directors allotted all the 24,000 shares and received the money duly. Pass necessary journal entries.

(OR)

(b) Keerthiga Company issued equity shares of ₹ 10 each at 10% premium payable ₹ 2 on application, ₹ 3 on allotment (including premium), ₹ 3 on first call and ₹ 3 on second and final call. Journalise the transactions relating to forfeiture of shares for the following situations.

- Mohan who holds 50 shares failed to pay the second and final call money and his shares were forfeited.
- Mohan who holds 50 shares failed to pay the allotment money and first call and second and final call money and his shares were forfeited.

- (iii) Mohan who holds 50 shares failed to pay the allotment money and first call money and his shares were forfeited after the first call.

46(a) Kavitha is a partner in a firm. She withdraws ₹ 2,500 p.m. regularly. Interest on drawings is charged at 4% p.a. Calculate the interest on drawings using average period, if she draws

- (a) at the beginning of every month
(b) in the middle of every month
(c) at the end of every month

(OR)

(b) From the following information, prepare capital accounts of partners Padmini and Padma, when their capitals are fluctuating.

Particulars	Padmini ₹	Padma ₹
Capital on 1 st January 2018 (Cr. Balance)	5,00,000	4,00,000
Drawings during 2018	70,000	40,000
Interest on drawings	2,000	1,000
Share of profit for 2018	52,000	40,000
Interest on capital	30,000	24,000
Salary	45,000	Nil
Commission	Nil	21,000

47(a) Prepare Common-size balance sheet of Meena Ltd. as on 31st March, 2018.

Particulars	31 st March, 2018 ₹
I EQUITY AND LIABILITIES	
Shareholder's funds	2,00,000
Non-current liabilities	1,60,000
Current liabilities	40,000
Total	4,00,000
II ASSETS	
Non-current assets	3,00,000
Current assets	1,00,000
Total	4,00,000

(OR)

(b) From the following trading activities of Rovina Ltd. calculate (i) Gross profit ratio (ii) Net profit ratio (iii) Operating cost ratio (iv) Operating profit ratio.

Statement of Profit and Loss

Particulars	₹
I Revenue from operations	4,00,000
II Other income:	
Income from investments	4,000
III Total revenues (I + II)	4,04,000
IV. Expenses:	
Purchases of stock-in-trade	2,10,000
Changes in inventories	30,000
Financial costs	24,000
Other expenses (Administration and selling)	60,000
Total expenses	3,24,000
V. Profit before tax (III - IV)	80,000