

Register  
Number

--	--	--	--	--	--

### Part III — ACCOUNTANCY

( English Version )

Time Allowed : 3 Hours ]

[ Maximum Marks : 200

#### SECTION - A

( Marks :  $30 \times 1 = 30$  )

- N. B. : i) Answer *all* the questions.  
ii) All questions carry equal marks.

I. Fill in the blanks :

1. Prepaid expenses are shown on the ..... side of the Balance Sheet.
2. Provision for discount on creditors is deducted from ..... in the Balance Sheet.
3. Trial Balance shows Bank Deposits Rs. 3,00,000 @ 10% p.a. on 1.1.2005. Interest received is Rs. 25,000. Accrued Interest is Rs. .... on 31.12.2005.
4. The total assets of a proprietor are Rs. 5,00,000. His liabilities are Rs. 3,50,000. His capital in the business is .....

[ Turn over

5. A statement of affairs resembles a .....
6. The estimated sale value of the asset at the end of its economic life is called as ..... value.
7. Selling price of a fixed asset is Rs. 75,000. The Book value of the asset at the time of sale is Rs. 60,000. Profit on sale is Rs. ....
8. Stock Turn-over Ratio is otherwise called as ..... ratio.
9. Current assets of a business concern is Rs. 60,000 and current liabilities are Rs. 30,000. Current ratio will be .....
10. Cash budget is a useful tool for .....
11. The excess of average profit over normal profit is ..... profit.
12. In partnership, partners share their profits and losses in ..... ratio.
13. Old ratio of profit minus sacrifice ratio will be .....
14. Nominal capital is the capital mentioned in the ..... of the company.
15. U Ltd. issued 70,000 shares of Rs. 10 each fully subscribed by public. Rs. 7 per share has been called up. Then Rs. .... will represent uncalled capital.

## II. Choose and write the correct answer :

16. Outstanding wages is

- a) an asset                      b) an income                      c) a liability.

17. Trial Balance as on 31.12.2005 shows sundry debtors as Rs.69,000. Write off bad debts Rs. 4,000. The amount of bad and doubtful debts at 5% will be

- a) Rs. 3,250                      b) Rs. 3,650                      c) Rs. 3,450.

18. Under single entry system, capital of a business is ascertained by preparing

- a) Statement of profit or loss  
b) Trading A/c  
c) Statement of Affairs.

19. Creditors on 1.1.2005 Rs. 60,500 and on 31.12.2005 Rs. 65,000. Cash paid to creditors during the year Rs. 1,04,500. Thus credit purchase made during the year is

- a) Rs. 1,00,000  
b) Rs. 1,04,500  
c) Rs. 1,09,000.

[ Turn over

20. The term 'depletion' is used for

- a) fixed assets
- b) natural resources
- c) intangible assets.

21. Cost of an asset Rs. 5,00,000. Rate of depreciation is 10% p.a.

Depreciation is provided under written down value method. Book value of the asset at the end of second year is

- a) Rs. 4,05,000
- b) Rs. 4,00,000
- c) Rs. 95,000.

22. All profitability ratios are expressed in terms of

- a) percentage
- b) times
- c) proportion.

23. .... are those assets which are quickly convertible into cash.

- a) Current assets
- b) Fixed assets
- c) Liquid assets.

24. Budget is expressed in terms of
- a) money
  - b) physical units
  - c) money & physical units.
25. New profit ratio minus old profit ratio is ..... ratio.
- a) sacrifice
  - b) gaining
  - c) neither of the two.
26. At the time of admission of a partner's Balance Sheet items like Profit & Loss A/c, General Reserve must be transferred to
- a) Revaluation A/c
  - b) Partners' Capital A/c
  - c) none of these.
27. The new partner does not bring in cash for his share of goodwill under
- a) revaluation method
  - b) premium method
  - c) memorandum revaluation method.

[ Turn over

28. Decrease in the value of liabilities, at the time of admission of a new partner, results in ..... to old partners.
- a) profit
  - b) loss
  - c) expense.
29. When more number of applications are received than that are offered to the public, it is called
- a) over-subscription
  - b) under-subscription
  - c) full subscription.
30. A company can issue shares
- a) at par only
  - b) at par and at premium
  - c) at par, at premium & at discount.

**SECTION - B**

( Marks :  $10 \times 5 = 50$  )

- N. B. : i) Answer any *ten* questions.  
ii) *All* questions carry equal marks.  
iii) Answers to theory questions should not exceed *fifty* words.

31. Write a note on closing stock.
32. Mention any two limitations of single entry.
33. Name five methods of providing depreciation.

34. Write a note on current ratio.
35. What do you mean by cash budget ?
36. Mention any two differences between sacrificing ratio and gaining ratio.
37. Write a note on calls-in-arrears.
38. As per Trial Balance, capital as on 31.12.2005 is Rs. 9,00,000.  
Adjustment : provide 6% interest on capital. Pass adjusting entry and transfer entry.
39. Find out profit or loss from the following :

	<b>Rs.</b>
Opening Capital	4,00,000
Closing Capital	5,00,000
Drawings	90,000
Additional Capital	30,000

40. A limited company purchased a machine for Rs. 12,000. Its useful life is 10 years and the scrap value is Rs. 1,200. Find out the amount of depreciation and rate of depreciation under the straight line method.
41. From the following information calculate Debt-Equity Ratio :

	<b>Rs.</b>
Debentures	2,00,000
Reserves	25,000
Long-term loans	1,00,000
Equity share capital	1,25,000

[ Turn over

42. Calculate the amount of goodwill on the basis of two years' purchase of the last four years' average profits. The profits/loss for the last four years are :

2001 profit	Rs. 10,000
2002 profit	Rs. 26,000
2003 loss	Rs. 12,000
2004 profit	Rs. 36,000

43. Neela and Sheela were sharing profits in the ratio of 4 : 3. Heena was admitted with  $\frac{1}{5}$  th share in profits of the business. Calculate the new profit sharing ratio and the sacrificing ratio.
44. Success Ltd. issued 1,00,000 equity shares of Rs. 10 each, at a premium of 20% per share, fully paid. Give journal entry.

### SECTION - C

( Marks : 5 × 12 = 60 )

- N. B. : i) Answer any *five* questions including Question No. 45 which is compulsory.
- ii) All questions carry equal marks.
- iii) Answers to theory questions should not exceed 150 words each.

45. a) The Trial Balance shows sundry debtors as Rs. 65,000 as on 31.12.2005.

*Adjustments :*

- i) Bad debts to be written off Rs. 5,000.
- ii) Provide @ 5% provision for bad and doubtful debts.
- iii) Provide @ 2% provision for discount on debtors.

Pass adjusting entries and also show how these items will appear in the final accounts.

OR



- b) Mr. Rajaram keeps his books by incomplete single entry. He started business on 01.01.2005. His assets and liabilities on 01.01.2005 and 31.12.2005 stood as follows :

	<b>01.01.2005</b>	<b>31.12.2005</b>
	<b>Rs.</b>	<b>Rs.</b>
Cash in hand	5,000	60,000
Sundry creditors	15,000	30,000
Furniture	15,000	15,000
Sundry debtors	75,000	1,00,000
Stock	35,000	50,000

He introduced an additional capital of Rs. 15,000 during the year. He withdrew Rs. 35,000 for domestic purpose. Find out his profit or loss for the year 2005.

46. What are the reasons for providing depreciation ? What are the factors determining the amount of depreciation ?
47. Write a note on cash budget. List the methods that can be used for the preparation of the cash budget. Give four examples each for cash receipts and cash payments.
48. What are the differences between fixed capital account and fluctuating capital account ?
49. Ramulu Ltd. purchased a machine for Rs. 3,75,000 on 1st July, 2002. It is depreciated at 20% p.a. on straight line method for three years. Having become obsolete, it was sold for Rs. 75,000 on 31.03.2005.

Prepare Machinery Account and Depreciation Account for three years. Accounts are closed on 31st March every year.

[ Turn over

50. Rajan and Daniel are partners sharing profits in the ratio of 3 : 2 with capitals of Rs. 50,000 and Rs., 40,000 respectively. Interest on capital is agreed at 8% p.a. Interest on drawings is fixed at 10% p.a. The drawings of the partners were, Rajan : Rs. 15,000 and Daniel : Rs. 10,000. Rajan is entitled to a salary of Rs. 12,000 p.a. and Daniel is entitled to get a commission of 10% on the Net Profit before charging such commission. The Net Profit of the firm before making the above adjustments was Rs. 60,000 for the year ended 31st March, 2005.

Prepare the Profit & Loss Appropriation Account and also prepare the Capital Accounts of the partners.

51. From the following, you are required to calculate current ratio, liquid ratio and absolute liquid ratio.

	<b>Rs.</b>
Debtors	5,000
Cash	4,000
Bank	6,000
Short term investments	2,000
Prepaid expenses	1,000
Creditors	4,000
Bills payable	3,000
Outstanding expenses	250
Bills Receivable	3,000
Closing stock	8,000

52. The directors of Mercury Ltd. forfeited 3,000 equity shares of Rs. 10 each fully called up, for non-payment of first call Rs. 2 and final call Rs. 3 per share. Out of these 2,000 shares were reissued at Rs. 9 each fully paid.

Give necessary journal entries and prepare ledger accounts for Share Forfeiture Account and Capital Reserve Account.

**SECTION - D**

( Marks : 3 × 20 = 60 )

N. B. : i) Answer any *three* questions including Question No. 53 which is compulsory.

ii) All questions carry equal marks.

53. a) Mr. X maintains his books under incomplete double entry. You are required to prepare Trading and Profit and Loss Account and Balance Sheet as on 31.03.2005.

	<b>01.04.2004</b>	<b>31.03.2005</b>
	<b>Rs.</b>	<b>Rs.</b>
Stock	50,000	25,000
Sundry debtors	1,25,000	1,75,000
Cash	12,500	20,000
Furniture	5,000	5,000
Sundry creditors	75,000	87,500

**Other details :**

	<b>Rs.</b>
Drawings	20,000
Discount received	7,500
Discount allowed	5,000
Sundry expenses	17,500
Cash paid to creditors	2,25,000
Cash received from debtors	2,67,500
Sales returns	7,500
Purchases returns	2,500
Cash sales	2,500

OR

[ Turn over

- b) Jayaseelan, Anbarasu and Inbanathan were partners of a firm sharing profits and losses in the ratio of  $\frac{1}{2}$ ,  $\frac{1}{3}$  and  $\frac{1}{6}$  respectively. Set out below was their Balance Sheet as on 30.06.2005.

**Balance Sheet as on 30th June, 2005**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Sundry creditors	1,20,000	Cash in Hand	8,000
Bills payable	40,000	Cash at Bank	1,80,000
General reserve	1,20,000	Sundry debtors	52,000
Profit and Loss A/c	90,000	Stock	1,20,000
<i>Capital Accounts :</i>			
Jayaseelan 2,40,000		Furniture	80,000
Anbarasu 1,60,000		Plant	1,60,000
Inbanathan 1,20,000		Buildings	2,90,000
—————	5,20,000		
	—————		
	8,90,000		8,90,000

Inbanathan retired from the partnership from 1st July, 2005 on the following terms :

- i) Goodwill was to be raised at Rs. 1,44,000.
- ii) The value of buildings was to be increased by Rs. 40,000.
- iii) Furniture and plant were to be depreciated by Rs. 4,000 and Rs. 12,000 respectively.

Pass journal entries. Show Revaluation Account, Capital Account and the Balance Sheet of the new firm.

54. From the following Trial Balance of Mr. Abdul Hameed, prepare the final accounts for the year ending 31.03.2005.

**Trial Balance**

<b>Debit Balances</b>	<b>Rs.</b>	<b>Credit Balances</b>	<b>Rs.</b>
Purchases	60,000	Sales	4,80,000
Stock ( 01.04.2004 )	1,80,000	Sundry creditors	1,35,000
Buildings	3,00,000	Capital	6,00,000
Sundry Debtors	2,34,000		
Rent	21,000		
General Expenses	24,000		
Cash in Hand	1,95,000		
Cash at Bank	51,000		
Drawings	1,20,000		
Wages	30,000		
	12,15,000		12,15,000

**Adjustments :**

- i) Closing Stock was valued at Rs. 40,000
- ii) Interest on Drawings at 5% to be provided.
- iii) Depreciate buildings at 10% p.a.
- iv) Write off Bad Debts Rs. 4,000.
- v) Wages yet to be paid Rs. 1,500.

[ Turn over

55. From the following Trading and Profit & Loss Account and the Balance Sheet find out the following ratios :

- i) Gross profit ratio
- ii) Net profit ratio
- iii) Acid test ratio
- iv) Stock turn-over ratio.

**Trading and Profit and Loss Account for the year ending 31.12.2005**

	Rs.		Rs.
To Opening Stock	10,000	By Sales	1,00,000
To Purchases	50,000	By Closing Stock	15,000
To Direct Expenses	5,000		
To Gross Profit C/F	50,000		
	1,15,000		1,15,000
To Administrative expenses	15,000	By Gross profit B/F	50,000
To Interest	3,000		
To Selling Expenses	12,000		
To Net Profit	20,000		
	50,000		50,000

**Balance Sheet as on 31.12.2005**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capital	1,00,000	Land & Buildings	50,000
Current Liabilities	40,000	Plant & Machinery	30,000
Profit & Loss A/c	20,000	Furniture	20,000
		Stock	15,000
		Sundry Debtors	15,000
		Bills Receivable	12,500
		Cash in Hand & at Bank	17,500
	<hr/>		<hr/>
	1,60,000		1,60,000

56. Prepare Cash Budget for the month of January, February and March 2005, from the following information :

- a) Opening Cash Balance in January Rs. 21,000.
- b) Cash Sales for January Rs. 60,000, February Rs. 90,000, and March Rs. 1,20,000.
- c) Wages payable Rs. 18,000 every month.
- d) Interest receivable Rs. 1,500 in the month of March.
- e) Purchase of furniture for Rs. 48,000 in the month of February.
- f) Cash purchases for January Rs. 30,000, February Rs. 27,000 and March Rs. 42,000.

[ Turn over

57. Naveena Ltd. issued 50,000 shares of Rs. 10 each at a premium of Rs. 2 each payable as follows :

On Application	Rs. 2
On Allotment	Rs. 5 ( including premium )
On First Call	Rs. 3
On Final Call	Rs. 2

The company received applications for 70,000 shares. Applications for 50,000 shares were accepted in full; and the money on remaining 20,000 applications which were rejected was refunded.

*Both the calls were made and all the money were duly received.*

Pass journal entries. Prepare necessary ledger accounts and the Balance Sheet.

---

---