

Part –A TAT Exam 2020 Madurai Dist. Answer Key

One mark

- 1.b) Designing of accounting reports
- 2.b) 1:1
- 3.b) Assets decrease liability increase revaluation a/c dr
- 4.d) 2:1:3:
- 5.a) 2 1 4 3
- 6.c) Interest on investment
- 7.d) 12%
- 8.a) 400000
- 9.b) Rule 10
- 10.c) Primary groups

Part- B

Write any 5 question and question 17 is compulsory

11. An executor is an individual appointed to administer the estate of a deceased partner. He can receive the amount payable to the deceased partner by the firm.

12.

Total creditors a/c

To Bank	450000	By balance b/d	170000
To purchase returns	20000	By credit purchases	490000
To balance c/d (B/F)	190000		
	660000		660000

Closing creditors Rs.190000

13. Comparative income statement of Mary co., ltd

Particulars	2018-19	2019-20	Absolute increase/ decrease	Percentage of increase / decrease
Revenue from operations	400000	500000	100000	+25
Less: operating expenses	200000	180000	(-)20000	(-)10
Profit after tax	200000	320000	120000	(+)60

14. Bills Receivable a/c

To balance b/d	xxx	By bank a/c	Xxx
To Debtors a/c (B/R Receive)	Xxx	By debtors a/c (B/R dishonoured)	Xxx
	XXX		XXX

15. Income and expenditure a/c

Expenses	Amount	Income	Amount
		By subscription	57360
		Less: 2017-18 outstanding	4800
			52560

		(+)2018-19 outstanding	6000
			58560
		(+) Received in advance 2017-18	3600
			62160
		(-)Received in advance 2018-19	2160
			60000

16.Methods

1.Cost of goods sold = sales-gross profit

2.Cost of goods sold = opening stock + Purchases - closing stock

17. Issued capital = Rs.350000

Face value of shares = 10

$350000/10 = 35000$ shares

Part – C

Write any 5 questions and question no.24 is compulsory

18.Procedure for preparing common size statement

Common size statement can be prepared with three columns. Following are the steps to be followed in preparation of common size statement.

(i)Column1: In this column, particulars of items of income statement or balance sheet are written

(ii)Column 2: Enter absolute amount

(iii)Column 3: Chose a common base as 100. For example, revenue from operations can be taken as the base for income statement and total of balance sheet can be taken as the base for balance sheet. Work out the percentage for all the items of column 2 in terms of the common base and enter them in column 3

Format of common size statement

Particulars	Absolute amount	Percentage

19. Current ratio = current assets/current liabilities

Current assets = Inventories+ Trade receivable+ Cash+ Prepaid expenses

=45000+70000+30000+5000

=150000

Current liabilities = Short term borrowing +Trade payable +

o/s expense + Short term provisions

=17000+25000+3000+5000

=50000

= **150000/50000 =3:1**

Quick Ratio = quick assets / current liabilities

Quick assets = current assets – (stock+ prepaid expense)

= 150000 – (45000+5000)

= 150000-50000

= 100000

Current liabilities = 50000 = **100000/50000=2:1**

20.

Date	Particulars	lf	Debit	Credit
	Share capital a/c Dr (50x10)		500	
	Share premium a/c Dr (50x1)		50	
	To share forfeiture a/c (50x2)			100
	To share allotment a/c(50x3)			150
	To Share I call a/c (50x3)			150
	To share final call a/c (50x3) (Being shares were forfeiture)			150

21

Admission of partner	Retirement/Death of partner
A person joins as a new partner in an existing firm. It is called admission of partner.	If a Partner leaves from the firm it is called Retirement of a partner.
Sacrificing ratio is calculated.	Gaining ratio is calculated.
The new partner becomes liable for all the acts which carried out by the firm from the date of his/her admission into the firm	The retiring partner is liable for all the acts of the firm upto the date of his retirement.
In order to utilise the services of a expert person in business a new partner is admitted.	Due to age and health issue a partner leaves the firm.
Capital of the firm may increase,as the new partner brings capital to his share.	Capital of the firm may decrease, as the firm has to settle the amount due to the retiring partner.

$$\begin{aligned}
 22. (1) \text{Average profit} &= 80000+150000+100000+270000+200000/5 \\
 &= 800000/5 \\
 &= 160000
 \end{aligned}$$

$$\begin{aligned}
 \text{Goodwill} &= \text{Average profit} \times \text{No.of years of purchase.} \\
 &= 160000 \times 3 \\
 &= \mathbf{480000}
 \end{aligned}$$

(ii) Super profit method

$$(1) \text{Average profit} = 160000$$

$$\begin{aligned}
 (ii) \text{Actual profit} &= \text{capital employed} \times \text{rate of normal profit} \\
 &= 50000 \times 20/100 \\
 &= \mathbf{100000}
 \end{aligned}$$

$$\begin{aligned}
 (iii) \text{super profit} &= \text{Average profit} - \text{Normal Profit.} \\
 &= 160000 - 100000 \\
 &= \mathbf{60000}
 \end{aligned}$$

$$\text{Good will} = \text{super profit} \times \text{No.of years of purchase.} = 60000 \times 3 = \mathbf{180000}$$

23. Receipts and payments a/c of pandian sport club for the year ended 31.3.19

Receipt	Amount	Payment	Amount
To balance b/d cash	40000	By salary	30000
To life membership fees received	100000	By printing charges	25000
To subscription received	150000	By tournament expenses	105000
To lockers rent received	10000	By investment purchased	250000
To rent received	2000	By balance c/d Cash	50000
To tournament receipt	140000		
	460000		460000

24. Interest on drawing

X = total amount of drawing Rs.12000 per year

Rate of interest = $12000 \times \frac{10}{100} \times \frac{6}{12}$
= **Rs.600**

Y = Total amount of drawing Rs.6000

Rate of interest = $6000 \times \frac{10}{100} \times \frac{7}{12}$
= **Rs.350**

Z = Total amount of drawing Rs. 3000

Rate of interest = $3000 \times \frac{10}{100} \times \frac{4}{12}$
= **Rs.100**

Part - D

25. a.

Date	Particulars	l.f	Debit	Credit
	Land a/c Dr		12000	
	Unexpired insurance a/c Dr		1000	
	To Revaluation a/c (Being revolution profit)			13000
	Revaluation a/c Dr		15000	
	To furniture a/c			8500
	To outstanding salary a/c (Being revaluation loss)			6500
	Bama's capital a/c Dr		1000	
	Meri's capital a/c Dr		667	
	Begam's capital a/c Dr		333	
	To revolution a/c (Being revaluation loss transferred to old partners capital a/c)			2000

Revaluation a/c

Particulars	Amount	Particulars	Amount
To furniture a/c`	8500	By land a/c	12000
To O/s salary a/c	6500	By unexpired insurance a/c	1000
		By B's a/c 1000 By M's a/c 667 By Be'sa/C 333	2000
	15000		15000

25. b. statement of affairs as on 31.3.18

Liabilities	Amount	Assets	Amount
Bank o/d	14000	Cash	800
Creditors	60000	Stock	12000
Capital (B/F)	92800	Debtors	34000
		Plant	8000
		Furniture	40000
	166800		166800

Statement of affairs as on 31.3.19

Liabilities	Amount	Assets	Amount
Creditors 72000 (-)provision 1800	70200	Bank	18000
		Cash	1500
		Stock	16000
		Debtors 30000 (-)provision 1500	28500
		Plant 80000 (-)Depreciation 8000	72000
Capital (B/F)	105800	Furniture	40000
	176000		176000

Statement of Profit / loss

Closing capital	105800
+ drawing	40000
	145800
- additional capital	16000
	129800
-opening capital	92800
Profit	37000

26. a. Income and expenditure a/c for the year ended 31.3.18

Expenditure	Amount	Income	Amount
To stationary	7000	By rent received	10000
To deprn.on computer	1250	By subscription received	54000
To salaries	20000		
To surplus	35750		
	64000		64000

b.

Date	Particulars	Lf	Debit	Credit
	Bank a/c Dr		45000	
	To share application a/c (received)			45000
	Share application a/c Dr		45000	
	To share capital a/c (Called up)			45000
	Share allotment a/c Dr		27000	
	To share capital a/c (called up)			27000
	Bank a/c Dr		27000	
	To share allotment a/c (received)			27000
	Share first and final call a/c Dr.		18000	
	To Share capital a/c (called up)			18000
	Bank a/c Dr		18000	
	To Share first and final call a/c (received)			18000

27. a.

Particular	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Revenue from operation	150	135	90	100	90	60
Add: other income	25	5	15	100	20	60
Total revenue	175	140	105	100	80	60
Less: expense	125	75	50	100	60	40
Profit before tax	50	65	55	100	130	110
Less: income tax	20	26	22	100	130	110
Profit after tax	30	39	33	100	130	110

b. Gross profit ratio = $\frac{\text{gross profit}}{\text{net revenue from operation}} \times 100$
cost of revenue from operations = purchase of stock in trade + changes in inventories + direct expenses
= 210000+30000+0
= **240000**

$$\begin{aligned} (1) \text{Gross profit} &= \text{revenue from operations} - \text{cost of revenue from operations} \\ &= 400000 - 240000 \\ &= 160000 \end{aligned}$$

$$\begin{aligned} \text{Gross profit ratio} &= \frac{160000}{400000} \times 100 \\ &= 40\% \end{aligned}$$

$$\begin{aligned} (2) \text{Net profit ratio} &= \text{net profit after tax} / \text{revenue from operations} \times 100 \\ &= \frac{80000}{400000} \times 100 \end{aligned}$$

$$\begin{aligned} (3) \text{Operation cost ratio} &= \text{operating cost} / \text{revenue from operations} \times 100 \\ \text{Operation cost} &= \text{cost of revenue from operations} + \text{operation} \\ &\text{expns.} \end{aligned}$$

$$\text{Operation expns} = \text{other expenses} = 60000$$

$$\begin{aligned} \text{Operation cost} &= 240000 + 60000 \\ &= 300000 \end{aligned}$$

$$\text{Operation cost ratio} = \text{operating cost} / \text{revenue from operations} \times 100$$

$$\begin{aligned} \text{Operation cost ratio} &= \frac{300000}{400000} \times 100 \\ &= 75\% \end{aligned}$$

$$(4) \text{ operation profit ratio} = \text{operating profit} / \text{revenue from operation} \times 100$$

$$\begin{aligned} \text{Operating profit} &= \text{revenue from operations} - \text{operating cost} \\ &= 400000 - 300000 \\ &= 100000 \end{aligned}$$

$$\begin{aligned} \text{Operating profit ratio} &= \frac{100000}{400000} \times 100 \\ &= 25\% \end{aligned}$$