

1.Fill Up Annual Acc Tentative Key- Mar 2018

- Part-A 30x1=30**
1. Asssets
 2. Profit & Loss A/C
 3. Rs. 2500
 4. Balance Sheet
 5. Total Debtors
 6. Written down value / Diminishing Method
 7. Rs. 30000
 8. Current a/c
 9. Rs. 135000
 10. Rs. 1800
 11. implied
 12. Loss
 13. Profit
 14. 90%
 15. Lesser

2.Choose the Best :

- 16.(A) Trading account and Balance Sheet
- 17.(C) Rs. 10000
- 18.(A) an incomplete double entry system
- 19.(C) Rs. 150000
- 20.(B) credit side of fixed asset account
- 21.(A) Rs. 2710
- 22.(C) Rs. 200000
- 23.(C) 100 - operating profit ratio
- 24.(C) Cash Receipts
- 25.(C) in current account
- 26.(A) old partners in their old profit sharing ratio
- 27.(C) gaining ratio
- 28.(B) at par, at premium and at distcount
- 29.(A) 10%

30.(C) Over Subscription Part-B

Answer Any Ten Questions: 10x5=50

31. Bad debt: Debts which cannot be recovered from debtors are called bad debts . It is a loss for the business.

32. Networth Method: Net worth method Is one of the method of finding the profit or loss under the single entry system. It's otherwise called statement of affairs method or capital comparison method.

33. Depreciation: Carter defines depreciation as "the gradual and permanent decrease in the value of an asset from any causes."

34. Capital Turn over ratio: This shows the number of times the capital has been rotated in the process of carrying on business. Efficient utilisation of capital would lead to higher profitability. The relationship between Sales and Capital employed is known as Capital Turnover Ratio.

35. Give any five example for Cash Payments • Cash purchases • Cash payable to suppliers • Business expenses like wages, office expenses, selling expenses, etc.. • Payment of interest, income tax, dividend etc. • Purchase of assets • Redemption of shares/debentures • Repayment of loans

36. Amount withdrawn by the owner for his personal use is called as **drawings**.

37. Pro-rata allotment: Some of the applicants may be allotted a certain number of shares lesser than the number they applied for. Instead of returning the excess application money, the same will be adjusted on money due on allotment.

38.Adjusting and Transfer Entry:

Depreciation a/c Dr. 6000
To Furniture a/c 6000

(depreciation on furniture)
P&L a/c Dr. 6000
To Depreciation a/c 6000
(depreciation on furniture transferred to Profit and Loss account)

39Find the missing item: Rs.

Closing Capital	163800
(+) Drawings	25200
	189000
(-) Additional Capital	42300
	146700
(-) Opening Capital	159300
Loss	12600

40. Amount of Depreciation = $\frac{\text{Total Cost} - \text{Scrap value}}{\text{Estimated Life}}$

$$= \frac{50000 - 5000}{10} = \text{Rs. } 4500$$

Rate of Depreciation = $\frac{\text{Amt.of Dep.}}{\text{Original cost}} \times 100$

$$= \frac{4500}{50000} \times 100 = 9\%$$

41. Debt Equity Ratio = $\frac{\text{Total Long term Debt}}{\text{Share holders fund}}$

$$= \frac{\text{Debentures} + \text{Loan from bank}}{\text{Equity Share Capital} + \text{Reserves}} = \frac{200000 + 100000}{125000 + 25000} = \frac{300000}{150000} = 2:1$$

42. Let the Total Profit be 1

$$\text{Vimala's Share} = \frac{1}{5}$$

Remaining share of Amala and kamala

$$= 1 - \frac{1}{5} = \frac{5 - 1}{5} = \frac{4}{5}$$

Amala Kamala Vimala

$$\text{Old Ratio} = 3 : 2 :$$

$$\text{Old share} = \frac{3}{5} : \frac{2}{5} :$$

$$\text{New Share} = \frac{3}{5} \times \frac{4}{5} : \frac{2}{5} \times \frac{4}{5} : \frac{1}{5}$$

$$= \frac{12}{25} : \frac{8}{25} : \frac{5}{25}$$

New Ratio = 12 : 8 : 5

43. Interest on Drawings:

Harish's Interest on Drawings

$$= \text{Total Drawings} \times \frac{\text{Rate of Int.}}{100} \times \frac{\text{Ave.Periods}}{24}$$

$$= 4800 \times \frac{5}{100} \times \frac{11}{24} = \text{Rs. } 110$$

Sudarshan's Interest on Drawings

$$= \text{Total Drawings} \times \frac{\text{Rate of Int.}}{100} \times \frac{\text{Ave.Periods}}{24}$$

$$= 9600 \times \frac{5}{100} \times \frac{13}{24} = \text{Rs. } 260$$

44.Issue of shares at Premium :

(20000x=12) Bank a/c Dr.	240000	
(20000x=10)	To Share Capital	200000
(20000x=2)	To Securities Premium	40000

(Issue of shares as fully paid at Rs.2 premium of Rs.10 per share)

45.(a) Adjusting Entry: 5x12=60

Date	Particulars	Dr. Rs	Cr.Rs
	Bad Debts a/c Dr.	5000	
	To Sundry Debtors a/c		5000
	(Bad debts written off)		
	P&L a/c Dr.	5000	
	To Bad debts a/c		5000
	(Transfer of bad debts)		
	P&L a/c Dr.	6000	
	To Bad and doubtful debts a/c		6000
	(provision for Bad & doubtful debts)		
	P&L a/c Dr.	2280	
	To Provision for discount on debtors a/c		2280
	(provision for discount on drs.)		

Profit and Loss Account for the year ended 31-3-2002

Dr.		Cr.
Bad debts	5000	
Doubtful	<u>6000</u>	11000
Dis. On Drs.	2280	

Balance Sheet as on 31-3-2002

Liabilities	Assets	
	Sundry debtors	125000
	(-) Bad debts	<u>5000</u>
		120000
	(-) Doubtful	<u>6000</u>
		114000
	(-) Dis. On debtors	<u>2280</u>
		111720

45b) Calculation of opening capital:**Statement of affairs of Mr. Bharanidharan as on 1.4.2000**

Crs.	2000	Furniture	2000
Opening Capital	22000	Stock	5000
		Drs.	6000
		Cash	10000
		B/R	<u>1000</u>
	<u>24000</u>		<u>24000</u>

Statement of affairs of Mr. Bharanidharan as on 31.3.2001

Crs.	3500	Furniture 2000-200	1800
Opening Capital	33600	Stock	6000
		Drs. 4000-200	3800
		Cash	20000
		B/R	500
		Loan (Dr.)	1000
		Investment	<u>4000</u>
	<u>37100</u>		37100

Statement of profit or loss

Closing Capital	33600
(+) Drawings	<u>2000</u>
	35600
(-) Addln Capital	-----
	35600
(-) Opening Capital	<u>22000</u>
Profit	<u>13600</u>

46. Factors Determining the Amount of Depreciation

1. Original cost of the asset It implies the cost incurred on its acquisition, installation, commissioning and for additions or improvements thereof which are of capital nature **2. Estimated life:** It implies the period over which an asset is expected to be used. **3. Residual value :** It implies the value expected to be realised on its sale on the expiry of its useful life. This is otherwise known as **scrap value or turn-in value.**

47. Preparation of cash budget – Methods

1. Receipts and Payments Method 2. Adjusted Profit and Loss Account Method or Cash Flow Method 3. Balance Sheet Method

Steps in the preparation of cash budget

Step 1 : Ascertain opening cash balance

Step 2 : Add the estimated total cash receipts for the month

Step 3 : Calculate the total cash available for the month

Step 4 : Less the estimated total cash payments during the month **Step 5 :** Calculate the closing cash balance

48. Factors affecting the value of goodwill:

1. Quality: If the firm enjoys good reputation for the quality of its products, there will be a ready sale and the value of goodwill, therefore, will be high. **2. Location:** If the business is located in a prominent place, its value will be more. **3. Efficient management:** If the management is capable, the firm will earn more profits and that will raise the firm's value. **4. Competition:** When there is no competition or competition is negligible, the value of those businesses will be high. **5. Advantage of patents:** Possession of trade marks, patents or copyrights will increase the firm's value. **6. Time:** A business establishes reputation in course of time which is running for long period on profitable line. **7. Customers' attitude:** The type of customers which a firm has is important. If the firm has more customers, the value will be high. **8. Nature of business:** A business having a stable demand is able to earn more profit and therefore has more goodwill.

49. Ledger Account

Dr.	Machinery Account	Cr.
Date	Particulars	Amt Rs.
1-4-12	To Bank a/c	80000
		<u>80000</u>
1-4-13	To Bal b/d	72000
		<u>72000</u>
1-4-14	To Bal b/d	64000
		<u>64000</u>
		<u>64000</u>

Depreciation account

31-3-13	Machinery a/c	8000	31-3-13	P&L a/c	8000
		<u>8000</u>			<u>8000</u>
31-3-14	Machinery a/c	8000	31-3-14	P&L a/c	8000
		<u>8000</u>			<u>8000</u>
31-3-15	Machinery a/c	8000	31-3-15	P&L a/c	8000
		<u>8000</u>			<u>8000</u>

50 Current ratio = Current asset

Current liabilities

= Cash+Short term Investment+Bank+Drs.+B/R+Stock
Crs+B/P+B.O.D

= 4000+10000+16000+38000+22000+45000
34000+26000+30000

= 135000 = **1.5:1**
90000

Liquid ratio = Liquid Asset

Current Liabilities

= Current asset - (Stock+PrePaid Exp.)
Current liabilities

$$= \frac{135000 - 45000}{90000} = \frac{90000}{90000} = 1 : 1$$

Absolute liquid ratio =

Absolute Liquid Assets

Liquid liabilities

= Cash+Short term Investment+Bank

Current liabilities – B.O.D.

$$= \frac{4000+10000+16000}{90000-30000} = \frac{30000}{60000} = 0.5 : 1$$

51. Profit and Loss Appropriation Account

Date	Particulars	Amt	Date	Particulars	Amt
Int on Cap.	A8000			Gross Profit	60000
	R 6000	14000	Int. on Draw	A360	
Salary	A10000			R 240	600
	R 10000	20000			
To Profit transferred to capital A/c					

Amudhan **15960**

Raman **10640** 26600

60600

60600

Capital Account

	Amudhan	Raman	Amudhan	Raman
Drawings	12000	8000	Bal b/d	160000
Int.on Draw	360	240	Int.on Capi	8000
Bal c/d	181600	138400	Salary	10000
			Profit	15960
				10640
	<u>193960</u>	<u>146640</u>		<u>193960</u>
				<u>146640</u>

52. Books of X ltd Journal Entries :

(5000X10) S.Capital a/c	50000	
(5000 X8)	To Forfeited Share a/c	40000
(5000 X2)	To S. Final call a/c	10000
(Share forfeited for non-payment of final call money)		
Bank a/c	Dr.	35000
Forfeited Share a/c	Dr.	15000
	To Share Capital a/c	50000
	(Reissue of shares)	
Forfeited Share a/c	Dr.	25000
	To Capital Reserve a/c	25000
(Profit on reissue of forfeited shares transferred to capital reserve)		
Dr.	Forfeited Shares Account	Cr.
To S.Capital a/c	15000	By S.Capital a/c
To Capital Reserve	25000	
	<u>40000</u>	<u>40000</u>
	Capital Reserve a/c	
To Bal c/d	<u>25000</u>	Capital Reserve
	<u>25000</u>	<u>25000</u>

Part D 3x20=60

53.a) Statement of affairs as on 31.3.2003

Liabilities		Assets	
Sun.crs.	28800	Sun.Drs.	18000
		Stock	20000
		Machinaery	80000
Opening Cap	111200	Furniture	6000
		Cash	<u>16000</u>
	<u>140000</u>		<u>140000</u>

Sundry Drs Account

Bal c/d	18000	Cash Received	60000
		Discount allowed	2800
Cre.Sales	68800	Bal b/d	24000
	<u>86800</u>		<u>86800</u>

Sun. Crs. Acc

Cash Paid	40000	Bal b/d	28800
Discount Recd.	3400		
Bal c/d	13600	cre.Purchase	<u>28200</u>
	<u>57000</u>		<u>57000</u>

Trading and P&L a/c

Opening Stock	20000	Cre. Sales	68800
Cre Purchase	28200	(+) Cash	<u>80000</u>
Cash	<u>28000</u>	Closing Stock	32000
Wages	4000		
Gross Profit	100600		
	<u>180800</u>		<u>180800</u>
Dis.allowed	2800	Gross profit	100600
Gen.Exp	12000	Discount received	3400
Dep. On Machinery	8000		
Net Profit	81200		
	<u>104000</u>		<u>104000</u>

Balance Sheet

Liabilities		Assets	
Capital	111200	Cash	56000
(+)NetProfit	<u>81200</u>	Drs	24000
	192400	Furniture	6000
(-)Drawings	<u>16000</u>	Machinery -Dep	72000
Creditors	<u>13600</u>	Closing Stock	<u>32000</u>
	<u>190000</u>		<u>190000</u>

53.b) Dr. Revaluation account

Stock	4000	Plant & Building	10000
Doubtful Debt	200		
To Profit on revaluation transferred to		Investments	10000
Prasanna	10080	Creditors	1000
Nirmala	<u>6720</u>		
	<u>21000</u>		<u>21000</u>

Capital Account

Pr	Ni	P	Pr	Ni	P
			Bal c/d	60000	50000
			Bank	---	40000
			Revaluation	10080	6720
			Goodwill	43200	28800
			Gen.Reservre	12000	8000

Bal c/d 125280 93520 40000

125280 93520 40000

125280 93520 40000

Balance Sheet

Liabilities		Assets	
Cres	32000	Cash	4000
(-) Prov	<u>1000</u>	Stock	22000-4000
B/P	13600	Drs	10000- 600
		Invest	40000+10000
		Goodwill	72000
Capital A/c		Machinery	20000
Pr	125280	Buliding	80000+ 10000
Ni	93520	Bank	40000
P	<u>40000</u>		
	258800		303400
	<u>303400</u>		

54. Trading and Profit and Loss Account for the year ending 31st March, 2015

To Opening stock	26000	By Sales	250000
To Purchase	200000	By Closing Stock	39000
To G/P	63000		
	<u>289000</u>		<u>289000</u>
To Salary	10000	By G. P	63000
To Rent	7500	By Int. on Drawings	4000
(+) O/S	1000		
	8500		
To Insurance	1500		
To Int. on Capital	30000		
To Dep. on Furniture	2500		
To Net Profit	14500		
	<u>67000</u>		<u>67000</u>

Balance Sheet as on 31st March, 2004

Liabilities		Assets	
Sun. Crs.	105000	Cash	10000
Capital	300000	Computer	125000
Int. on Cap	<u>30000</u>	Furniture	47500
	330000	Bank	22500
(-) Drawings	<u>50000</u>	Drs	12500
	280000	Machinery	140000
(-) Int. on Draw	<u>4000</u>		
(+) Net Profit	<u>14500</u>	Closing Stock	39000
O/S Rent	1000		
	<u>396500</u>		<u>396500</u>

55. Gross Profit = $\frac{\text{Gross Profit}}{\text{Sales}} \times 100$

$$= \frac{40000}{160000} \times 100 = 25\%$$

Net Profit = $\frac{\text{Net Profit}}{\text{Sales}} \times 100$

$$= \frac{16000}{160000} \times 100 = 10\%$$

Operating Profit Ratio

$$= \frac{\text{N.P} + \text{Non-operating exp.} - \text{Non-operating income}}{\text{Sales}} \times 100$$

$$= \frac{16000 + 4000 + 4400 - 400}{160000} \times 100 = \frac{24000}{160000} \times 100 = 15\%$$

(or)

Operating Profit Ratio

$$= \frac{\text{Gross Profit} - \text{Operating Expense}}{\text{Sales}} \times 100$$

$$= \frac{40000 - \text{Administrating Exp} - \text{Selling Exp}}{\text{Sales}} \times 100$$

$$= \frac{40000 - 8000 - 8000}{160000} \times 100 = \frac{24000}{160000} \times 100 = 15\%$$

4) Operating Ratio

$$= \frac{\text{Cost of Goods Sold} + \text{Operating Exp}}{\text{Sales}} \times 100$$

$$\text{Cost of Goods sold} = \text{Sales} - \text{Gross Profit}$$

$$= 160000 - 40000 = 120000$$

$$\text{Operating Exp.} = \text{Administrative Exp.} + \text{Sales Exp.}$$

$$= 8000 + 8000 = 16000$$

$$\text{Operating Ratio} = \frac{120000 + 16000}{160000} \times 100 = 85\%$$

56. Cash Budget for the month of March, April, May-05

Particulars	March	April	May
Opening Cash Balance	80000	75000	105000
(+) Cash Receipts			
Cre. Sales	135000	175000	120000
Sale of Fixed Asset	-----	25000	-----
Total Cash Receipts	215000	275000	225000
Cre. Purchase	75000	100000	85000
Selling Expenses	65000	70000	80000
Purchase of Fixed Asset	----	-----	25000
Total Cash Payments	140000	170000	190000
Closing Cash Balance	75000	105000	35000

57) In the book of Jackson Ltd

Date	Particulars	Dr.	Cr.
	Bank a/c Dr.	12000	
	To S. Application a/c		12000
	(Application money received)		
	S. Application a/c Dr.	12000	
	To S. Capital a/c		12000
	(Transfer of share application money to share Capital A/c)		
	S. Allotment a/c Dr.	30000	
	To S. Capital a/c		18000
	To S. Premium a/c		12000
	(Allotment money due on shares with premium)		
	Bank a/c Dr.	30000	
	To S. Allotment a/c		30000
	(Allotment money received with premium)		
	S. First Call Money a/c Dr.	18000	
	To S. Capital a/c		18000
	(First call money due)		
	Bank a/c Dr.	18000	
	To S. First Call Money a/c		18000
	(First call money received)		
	S. Final Call a/c Dr.	12000	
	To S. Capital a/c		12000
	(Final call money due)		
	Bank a/c Dr.	12000	
	To S. Final Call Money a/c		12000
	(Final call money received)		

Bank Account

To Share Application A/C	12000	By Bal C/d	72000
To Share Allotment A/c	30000		
To Share First Call A/C	18000		
To Share Final Call A/C	<u>12000</u>		
	<u>72000</u>		<u>72000</u>

Share Capital Account

To Bal C/d	60000	By Share Application A/C	12000
		Share Allotment A/c	18000
		Share First Call A/c	18000
		Share Final Call A/c	12000
	-----		-----
	<u>60000</u>		<u>60000</u>

Balance Sheet

Liabilities		Assets	
Paid Up Capital	60000	Bank A/C	72000
Share Premium	<u>12000</u>		
	72000		72000

Note: For any further clarifications or doubts Teachers are kindly requested to refer the Key given in the Valuation Camp

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