1.Fillup Annual Acc Tentative Key- Mar 2015

1. Liabilities **Sec-A 30x1=30**
2. Bad debts
3. Rs.36000
4. Capital
5. Sundry Debtors A/C
6. Straight line method
7. Rs. 25000
8. Quick ratio or Acid Test ratio.
9. Rs. 150000
10. Finance Budget
11. Intangible
12. Liabilities
13. Profit
14. Lesser
15. Rs. 20000

2.Choose the Best

16.(C) Capital A/C
17.(B) Rs. 1250
18.(A) Small Traders
19.(B) Rs.95000
20.(A) Revaluation
21.(C) Rs. 210000
22.(C) 2:1
23.(B) Current Liabilities- Bank Overdraft
24.(B) Cash Payments
25.(A) Fixed Capital method
26.(A) Old profit sharing ratio
27.(C) retirement of a partner
28.(B) 10%
29.(A) Over subscription
30.(A) Rs.3500

Sec-B Any Ten Only: 10x5=50

31.Accured Income: Income which has been earned but not received during the accounting period is called as **accrued income**.

32. Define Single Entry System. : According to **Kohler** "Single Entry System is a system of book-keeping in which as a rule, only records of cash and personal accounts are maintained. It is always incomplete double entry varying with circumstances".

33. Obsolescence: The old asset will become obsolete (useless)due to new inventions, improved techniques and technological advancement.

34. Solvency Ratios: Solvency refers to the firms ability to meet its long term indebtedness. Solvency ratio studies the firms ability to meet its long term obligations. The following are the important solvency ratios: 1. Debt-Equity Ratio 2. Proprietory Ratio

35. Give five examples for cash payments : 1.Cash purchases 2.Cash payable to suppliers 3.Business expenses like wages, office expenses, selling expenses, etc.4.Payment of interest, income tax, dividend etc.5.Purchase of assets 6.Redemption of shares/debentures 7.Repayment of loans

36.Fluctuating Capital: only one account, viz., the capital account for each partner, is maintained. It records all adjustments relating to drawings, interest on capital, interest on drawings, salary and share of profit or loss in the capital account itself. As a result, the balance in the capital accounts keep on fluctuating.

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 Entry & Transfer Entry

Bad debt. a/c Dr .	3500	
To Sundry Debtors a/c		3500
(Bad debts written off)		
Profit & loss a/c Dr.	3500	
To Bad debts a/c		3500
(Bad debts transferred to Profit & Loss A/c)		

39. Statement of Profit or Loss:

	Rs.
Closing Capital	6000
Add: Drawings	1200
	7200
Less: Additional capital introduced	2000
Adjusted closing capital	5200
Less: **Opening capital**	**2700**
Net Profit	2500

40. Cost of Machinery =130000+20000

Amount of depreciation= $\dfrac{\textbf{Total cost — Scrap value}}{\textbf{Estimated Life}}$

$= \dfrac{150000 - 30000}{10}$

Amount of depreciation = **Rs.12000**

Rate of depreciation = $\dfrac{\text{Amount of Depreciation}}{\text{Original Cost}} \times 100$

$= \dfrac{12000}{150000} \times 100 = \mathbf{8\%}$

41.

Capital Turnover Ratio = $\dfrac{\text{Sales}}{\text{Capital Employed}}$

$= \dfrac{\text{Cash sales – Sales returns}}{\text{Share capital + Long term loan+ Reserves}}$

$= \dfrac{375000 - 25000}{100000+50000+25000}$

$= \dfrac{350000}{175000} = \mathbf{2 Times}$

42. Cash Budget for the month January

	January Rs.
Opening Cash Balance	14000
Add: Estimated receipts	20000
	34000
Less: Estimated cash payments	10000
Closing cash balance	**24000**

43. New Profit Sharing ratio

Let the total profit be = 1

Vimala's share = $\frac{1}{5}$

Remaining Share of Kala and Mala

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

	Kala	Mala	Vimala
Old ratio =	4 :	3 :	-
Old share =	$\frac{4}{7}$:	$\frac{3}{7}$:	-

New Share= $\frac{4}{7} \times \frac{4}{5} : \frac{3}{7} \times \frac{4}{5} : \frac{1}{5}$

$= \frac{16}{35} : \frac{12}{35} : \frac{7}{35}$

New Ratio = 16 : 12 : 7

44. Journal Entry

		Dr.	Cr.
(10000x=90)	Bank a/c	Dr. 900000	
(10000x=10)	Discount on Shares a/c	Dr. 100000	
(10000x=100)	To Share Capital a/c		1000000
	(Reissue of shares at Discount)		

45.(a) Adjusting Entries **Sec-C 5x12=60**

Date	Particulars	L.F.	Debit Rs.	Credit Rs
	Bad debts A/c Dr.		5000	
	To Sundry debtors A/c			5000
	(bad debts written off)			
	Profit and Loss A/c Dr		5000	
	To Bad debts A/c			5000
	(Bad debts transferred to Profit & Loss A/c)			
	Profit & Loss A/c Dr		2500	
	To Provision for bad & doubtful debts A/c			2500
	(provision for bad and doubtful debts)			
	Profit and Loss Account Dr.		950	
	To Provision for discount on Debtors			950
	(provision for discount on Debtors)			

P & L A/C as on 31-3-2012

Dr.			Cr.
Bad debts	5000		
Doubtful	2500	7500	
Discount on drs		950	

Balance sheet as on 31-3-2012

Liabilities	Assets		Rs.
	Sundry Drs	55000	
	(-)Baddebts	5000	
		50000	
	(-)Doubtful debts	2500	
		47500	
	(-)Discount on drs	950	
			46550

45b) Closing Capital

Statement of affairs of Mr.Rahim as on 31.3.2012

Liabilities	Rs.	Assets	Rs.
Sun.Crs	20000	Bank	20000
Closing Capital	**225000**	Stock	95000
		Drs	65000
		Machinery	35000
		Cash	25000
		Prepaid Expenses	5000
	245000		245000

Statement of Profit or Loss:

	Rs.
Closing Capital	225000
Add: Drawings	24000
	249000
Less: Additional capital	25000
	224000
Less: Opening capital	210000
Profit	**14000**

46. Causes of Depreciation:

Internal Causes 1. Wear and tear: Wear and tear is an important cause of depreciation in case of tangible fixed asset. It is due to use of the asset.

2. Disuse: When a machine is kept continuously idle, it becomes potentially less useful.

3. Maintenance: The value of machine deteriorates rapidly because of lack of proper maintenance.

4. Depletion: It refers to the physical deterioration by the exhaustion of natural resources eg., mines, quarries, oil wells etc. **External Causes**

1. Obsolescence: The old asset will become obsolete (useless) due to new inventions, improved techniques and technological advancement.

2. Effluxion of time: When assets are exposed to forces of nature, like weather, wind, rain, etc., the value of such assets may decrease even if they are not put into any use. **3. Time Factor:** Lease, copy-right, patents are acquired for a fixed period of time. On the expiry of the fixed period of time, the assets cease to exist.

47. Cash Budget: Cash budget is one of the most important budgets prepared by a business concern as every transaction directly or indirectly deals withcash. **Cash budget** shows the estimate of cash receipts and cash payments from all sources over a specific period. This is also called as '**Finance Budget**'. **Advantages :**

1. It helps in maintaining an adequate cash balance. 2. It provides the following useful information to the management a. to determine the

future cash needs of a business concern b. to plan for financing those needs and c. to have control over cash balance of the business concern.

Cash Receipts 1.Cash sales 2.Cash receivable from customers 3.Business receipts like interest, commission, dividend etc 4.Sale of assets 5.Proceeds from issue of shares/debentures 6.Loans borrowed

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.Books of Global co.,Ltd.,

Dr. Machinery a/c Cr.

Date	particulars	Rs.	Date	particulars	Rs.
1-4-08	Bank a/c	200000	31-3-09	depreciation a/c	20000
				Balance c/d	**180000**
		200000			200000
1-4-09	Balance b/d	180000	31-3-10	depreciation a/c	20000
				Balance c/d	**160000**
		180000			180000
1-4-10 ,	Balance b/d	160000	31-3-11	depreciation a/c	20000
	P&L (Profit) a/c	**5000**		Bank a/c	**145000**
		165000			165000

Depreciation a/c

31-3-09	Machinery a/c	20000	31-3-09	P&L a/c	20000
		20000			20000
31-3-10	Machinery a/c	20000	31-3-10	P&L a/c	20000
		20000			20000
31-3-11	Machinery a/c	20000	31-3-11	P&L a/c	20000
		20000			20000

50 Current Ratio = $\frac{\text{Current Asset}}{\text{Current Liabilities}}$

$= \frac{\text{B/R+Stock+Cash+Drs+Short term Invesment}}{\text{Crs.+Bank Overdraft+B/P}}$

$= \frac{20000+44000+12000+104000+40000}{92000+6000+12000}$

$= \frac{220000}{110000} =$ **2:1**

Liquid Ratio = $\frac{\text{Liquid Assets}}{\text{Current Liabilities}}$

$= \frac{\text{Current Assets-(stock + prepaid expenses)}}{\text{Current Liabilities}}$

$= \frac{220000 - 44000}{110000} = \frac{176000}{110000} =$ **1.6 : 1**

Absolute Liquid Ratio =

$\frac{\text{Absolute Liquid Asset}}{\text{Liquid Liabilites}}$

$= \frac{\text{Cash + Short term investments}}{\text{Current liabilities — Bank overdraft}}$

$= \frac{12000+40000}{110000-6000} = \frac{52000}{104000} =$ **0.5 : 1**

51. Profit and Loss Appropriation Account

Date Particulars		**Rs.**	**Date Particulars**		**Rs**
To Int. on Capital	A 12000		By Net profit b/d		75000
	L 9000	21000	By Int.on Drawings	A 600	
To Commission	A	1050		L 450	1050
To Salary	A 10000				
	L 10000	20000			
To Profit transferred to Capital A/C	A **20400**				
	L **13600**	34000			
		76050			76050

Capital Accounts

	Amutha	Latha		Amutha	Latha
To Drawings	20000	15000	By Bal b/d	200000	150000
Int.on Drawings	600	450	Int.on Capital	12000	9000
Bal C/d	**222850**	**167150**	Salary	10000	10000
			Commission	1050	----
			P&L a/c	20400	13600
	243450	182600		243450	182600

52. Journal Entries of Cheran Ltd:

(2000x10)	S.Capital A/C Dr.	20000	
(2000 x8)	To Forfeited Shares A/c		16000
(2000 x2)	To Final Call A/c		4000
	(shares forfeited on which finalcall money was not received)		
	Bank A/C Dr.	15000	
	Forfeited Shares A/c Dr.	5000	
	To S.Capital A/C		20000
	(Reissue of Shares)		
	Forfeited Shares A/c Dr.	**11000**	
	To Capital Reserve A/C		**11000**
	(Profit on forfeited transferred to capital reserve A/c)		

Shares Forfeited Account

To Share Capital A/c	5000	By Share Capital A/c	16000
To Capital Reserve A/c	**11000**		-----------
	16000		16000

Capital Reserve Account

To Balance c/d	11000	By Share Forfeited A/c	11000
	-----------		-------------
	11000		11000

Part-D 3x20=60

53.a) Statement of affairs as on 01.04.12

Liabilities	Rs.	Assets	Rs.
Sundry Crs.	112500	Cash	18750
Opening Capital	**176250**	Stock	75000
		Machinery	7500
		Sundry Drs.	187500
	288750		288750

Total Debtors Account

To Balance b/d	187500	By Cash received	405000
		By Discount allowed	7500
To Credit Sales	**498750**	By Returns Inwards	11250
(Balancing figure)		By Balance c/d	262500
	686250		686250

Total Creditors Account

To Cash paid	337500	By Balance b/d	112500
To Discount received	11250		
To Return outwards	3750		
To Balance c/d	131250	**To Balance c/d**	**371250**
	483750	(Balancing figure)	483750

Trading and Profit and Loss Account

To Opening Stock	75000	By Sales	498750	
ToPurchases371250		(-)Sales Return	11250	487500
(-) returns 3750	367500	By Closing Stock		37500
To Gross Profit c/d	**82500**			
	525000			525000
To General Expenses	26250	By Gross Profit b/d		82500
To Discount allowed	7500	By Discount received		11250
To Net Profit	**60000**			
	93750			93750

Balance Sheet as on 31.3.2013

Liabilities			Assets	
Capital	176250		Cash	30000
(+)Net Profit	60000		Sundry Drs.	262500
(-)Drawings	30000	206250	Machinery	7500
Sundry Crs.		131250	Closing Stock	37500
		337500		**337500**

53.**b)** **Revaluation Account**

To Stock A/c	8500	By Bulidings A/c	20000
To doubtful debts A/c	3500		
To Gain transferred to			
Sankar **6000**			
Salim **2000**	**8000**		
	20000		20000

Capital Accounts

	San	Salim	Solo		San	Salim	Solo
To P&La/c	7500	2500	----	By Bal b/d	80000	40000	-----
				By Revaluation	6000	2000	----
				By Goodwill	30000	10000	----
				By Gen Reserve	30000	10000	----
				By Cash	----	----	50000
To Bal C/d	**138500**	**59500**	**50000**				
	146000	62000	50000		146000	62000	50000

Cash A/C

Bal B/d	5000	Bal C/d	55000
Solomon's Capital	50000		
	55000		55000

Balance Sheet as on 1.4.2010

Liabilities		Rs.	Assets		Rs.
Sundry Crs.		60000	Sundry Drs70000		
B/P		20000	(-) doubtful debts	3500	66500
Capital A/C			Goodwill		40000
Sankar	138500		Buildings		120000
Salim	59500		Stock		21500
Solomon	50000	248000	Machinery		25000
			Cash		55000
		328000			**328000**

54. Trading and Profit and Loss Account of Mrs.Malarvizhi for the year ending 31.03 2012

To Opening Stock		75000	By Sales	325000
To Purchase		50000	By Closing Stock	50000
To Wages	8000			
+ Outstanding	2000	10000		
To Gross profit		**240000**		
		375000		375000
To Depreciation		25000	By Gross Profit	240000
To Rent		7000		
To Int.on Capital		18000		
To Commission		8000		
To General Exp.		22000		
To Insu	15000			
(-)Prepaid	5000	10000		
To Net Profit		**150000**		
		240000		240000

Balance Sheet of Mrs.Malarvizhi as on 31-03-12

Liabilities		Rs.	Assets		Rs.
Sundry Crs.		50000	Bank		30000
Capital	300000		Cash		25000
+ Int. On Capital	18000		Closing Stock		50000
	318000		Buildings	250000	
(-)Drawings	10000		Depreciation	25000	225000
	308000		Debtors		175000
(+)Net Profit	150000	**458000**	B/R		25000
Out Standing Wages		2000	Prepaid Insurance		5000
B/P		25000			
		535000			**535000**

55.1.Gross Profit Ratio $= \frac{\text{Gross profit}}{\text{Sales}} \times 100$

$= \frac{180000}{400000} \times 100$ = **45%**

2) **Net Profit Ratio** $= \frac{\text{Net Profit}}{\text{Sales}} \times 100$

$= \frac{155000}{400000} \times 100$ = **38.75%**

3)Operating Profit Ratio $= \frac{\text{Operating Profit}}{\text{Sales}} \times 100$

$= \frac{\text{Net Profit+Int+Loss on Sale of Machinery-Dividend}}{\text{Sales}} \times 100$

Operating Profit = 155000+2000+5000-2000

$= \frac{160000}{400000} \times 100$ = **40%**

4) Operating Ratio

$= \frac{\text{Cost of goods sold-operating expenses}}{\text{Sales}} \times 100$

Cost of goods sold = Sales- Gross Profit

= 400000-180000= 220000

Operating Expenses = Administrative Exp- Selling Expenses

=10000+10000=20000

Operating Ratio $= \frac{220000+20000}{400000}$ X 100 = **60%**

56. Cash Budget for the period Jan to Mar 2013

Particulars	January Rs.	February Rs.	March Rs.
Opening cash balance	25000	45000	75000
Add: Estimated cash receipts :			
Cash receivable from customers	55000	60000	65000
Dividend	1000	-----------	-----------
Total cash available	81000	105000	140000
Less: Estimated cash payments :			
Payments to suppliers	30000	25000	35000
Office expenses	6000	5000	5000
Total cash payments	36000	30000	40000
Closing cash balance	**45000**	**75000**	**100000**

57) In the Books of Sathyam Ltd. Journal Entries

Date	Particulars	L.F.	Debit Rs.	Credit.Rs.
	Bank A/C Dr.		600000	
	To Share application A/C			600000
	(Application money received)			
	Share Application A/C Dr.		600000	
	To Share Capital A/C			600000
	(Transfer of share application money to share Capital A/c)			
	Share Allotment A/C		1500000	
	To Share Capital A/C			900000
	To Securities Premium A/c			600000
	(Allotment money due on shares including premium)			
	Bank A/C Dr.		1500000	
	To Share Allotment A/C			1500000
	(Allotment money received)			
	Share First Call A/c Dr.		900000	
	To Share Capital A/c			900000
	(First call money due)			
	Bank A/C Dr.		900000	
	To Share Fist Call A/C			900000
	(First call money received)			
	Share Second Call A/c Dr.		600000	
	To Share Capital A/c			600000
	(Second call money due)			
	Bank A/C Dr.		600000	
	To Share Second Call A/c			600000
	(Second call money received)			

Bank Account

To Share Application A/C	600000	By **Bal C/d**	**3600000**
To Share Allotment A/c	1500000		
To Share First Call A/C	900000		
To Share Final Call A/C	600000		
	3600000		3600000

Share Capital Account

To Bal C/d	**3000000**	By ShareApplication A/C	600000
		Share Allotment A/c	900000
		Share First Call A/c	900000
		Share Final Call A/c	600000
	3000000		3000000

Securities Premium A/c

To Bal C/d	600000	By ShareAllotment A/C	600000
	600000		600000

Balance Sheet

Liabilities		Assets	
Paid Up Capital	3000000	Bank A/C	3600000
Capital Reserve	600000		
	3600000		**3600000**

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