

SECOND YEAR PUC ACCOUNTANCY (30)

MODEL QUESTION PAPER - 1

Time : 3. 15 hrs.

Max. Marks : 100

SECTION - A

I. Answer any seven questions each carrying two marks: $7 \times 2 = 14$

1. What is 'Provision'?
2. What is 'Flucluating Capital Method'?
3. Give the Journal Entry for decrease in the value of Liability in case of admission of partner.
4. Write any two methods of treatment of Goodwill on retirement of partner.
5. State any two circumstances under which a partnership firm is dissolved.
6. What is Authorised Capital?
7. Name the two types of financial statements.
8. Mention any two techniques of Financial Analysis.
9. What are 'Legacies'?
10. State any two disadvantages of Data Base Management System.

SECTION - B

II. Answer any four questions, each carrying five marks: $4 \times 5 = 20$

11. Sanjay and Gopi commenced business with capitals of ₹ 80,000 and ₹ 60,000 respectively on 01-4-2013. They agreed to share profits in the ration of 3:2. Their profits for the year ending 31st March 2014 were ₹ 23,000 before allowing the following:
 - a) Interest on partners' capital at 6% p.a.
 - b) Interest on partners' drawings – Sanjay ₹ 1,000 and Gopi ₹ 750
 - c) Interest on partners' loan at 10% p.a.
 - d) Annual salary of Gopi ₹ 3,000Their drawings during the year were:
Sanjay ₹ 10,000 and Gopi ₹ 8,000. Sanjay has advanced a loan of ₹ 40,000 to the firm on 1-7-2013.
Prepare profit and Loss Appropriation Account for the year ending 31st March, 2014
12. Amar, Akbar and Anthony are partners sharing profits and losses in the ratio of 5:3:2. Akbar retires from business. His share is gained by Amar and Anthony in the ratio of 2:1. Calculate their new profit sharing ratio.

PUE

13. Ajay, Vijay and Sujay are partners in a firm sharing profits and losses in the ratio of 2:1:1. Their Balance Sheet as on 31st March 2013 is as follows:

Balance Sheet as on 31st March 2013

Liabilities	₹	Assets	₹
Creditors	22,000	Machinery	15,000
Bills payable	18,000	Buildings	28,000
<u>Capitals:</u>		Stock	20,000
Ajay	20,000	Debtors	15,000
Vijay	20,000	Cash	2,000
Sujay	10,000	Profit & Loss A/c	10,000
	90,000		90,000

Vijay died on 31st July 2013 and his executors are eligible to claim the following according to Partnership Deed.

- a) His share of capital
 - b) Interest on his capital @ 6% p.a.
 - c) Share of Goodwill calculated on the basis of 2 years purchase of average profits of the past three years, which were: 2010 - 11: - ₹ 7000, 2011 - 12: - ₹ 8000, 2012 -13: - ₹ 12,000.
 - d) His share of profits till the date of his death based on the immediate previous year's profit. you are required to prepare Vijay's executors account.
14. MSK Manufacturing Company Limited issued 2,000 12% Debentures of ₹ 100 each at a discount of 10%, payable as : ₹ 25 on application, ₹ 40 on allotment and the balance on first and final call. All the debentures were subscribed and duly received the amount.
Pass necessary journal entries upto the receipts of allotment money in the company's books
15. Nanaji Limited has Current Assets ₹ 1,60,000, Current Liabilities ₹ 80,000 and Quick Assets ₹ 1,28,000, as on 31st March 2014. Calculate Current ratio and Liquid ratio.
16. From the following ledger balnces of Bengaluru Gymkhana, find out the Capital Fund:

	₹
Buildings	40,000
Furniture	10,000
Investments	15,000
Outstanding subscription	8,000
Out standing rent	5,000
Bank Loan	25,000
Subscription received in advance	3,000
Cash in hand	1,000
Cash at Bank	14,000

17. Briefly explain the qualities of information.

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SECTION - C

III. Answer any four questions, each question carries fourteen marks: $4 \times 14 = 56$

18. On 1-4-2010, a company purchased a machinery costing ₹ 60,000. On 30-9-2012 a part of it costing ₹ 10,000 was sold for ₹ 7,000. On 1-4-2013, a new machine was purchased for ₹ 20,000. It was decided to charge depreciate the on machinery at 10% p.a. under straight line method. Show machinery account and depreciation account for 4 years assuming that accounts are closed on 31st March every year.
19. Gandhana and Ganavi are partners in a firm. Following is their Balance Sheet as on 31st March 2014 :

Balance Sheet as on 31st March 2014

Liabilities	₹	Assets	₹
Creditors	20,000	Cash in hand	7,000
Bills payable	4,000	Stock	15,000
<u>Capitals:</u>		Debtors 16,000	
Gandhana	40,000	Less: Reserve 500	15,500
Ganavi	20,000	Furniture	4,500
		Plant & Machinery	18,000
		Land & Buildings	20,000
		Patents	4,000
	84,000		84,000

On 1st April, 2014 Kumuda is admitted into partnership on the following terms:

- Kumuda should bring in ₹ 13,000 as capital
- Good will of the firm is valued at ₹ 6,000.
- Stock and buildings are to be increased by 8%.
- Reserve for doubtful debts is to be increased by ₹ 1,200.
- Patents and Machinery are to be reduced by 20% and ₹ 2,000 respectively.
- Capital accounts of partners be adjusted in their new profit sharing ratio, 3:2:1 based on Kumuda's capital. (Adjustments to be made in cash)

- Prepare :
- Revaluation Account
 - Cash A/c
 - Partners Capital Accounts
 - New Balance Sheet of the firm

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20. Ajith, Vijith and Sujith are partners sharing profits and losses in the ratio of 1:2:1. Following is their Balance Sheet as on 31st March 2012:

Balance Sheet as on 31st March 2012

Liabilities	₹	Assets	₹
Creditors	20,000	Goodwill	20,000
Bills payable	8,000	Buildings	1,00,000
Bank overdrafts	12,000	Machinery	40,000
Mrs. Sujith's loan	10,000	Furniture	24,000
Bharath's loan	5,000	Stock	36,000
Profit & Loss A/c	16,000	Debtors 32,000	
		Less: RBD <u>2,000</u>	30,000
Capital Accounts:		Cash	15,000
Ajith	84,000		
Vijith	70,000		
Sujith	40,000		
	2,65,000		2,65,000

On the above date, they decided to dissolve the firm.

- a) Assets were realised as follows:
Debtors - ₹ 27,000 ; Buildings - ₹ 1,24,000. Stock realised 10% more than book value. Computer which was unrecorded realised ₹ 4,000.
- b) Furniture was taken over by Ajith at ₹ 18,000.
- c) Creditors were settled at 10% less.
- d) Interest on Bank overdraft ₹ 1,000 due is to be paid off.
- e) Sujith took over his wife's loan.
- f) Dissolution expenses amounted to ₹ 6,000.

Prepare :1) Realisation Account
 2) Partners' Capital Accounts
 3) Cash Account

21. Indus Limited has a Nominal Capital of ₹ 5,00,000 divided into equity shares of ₹ 10 each. Of these, 40,000 shares were issued to public. The amount was to be paid as follows:

₹ 3 on Application
₹ 2 on Allotment
₹ 3 on First call and
₹ 2 on Final call

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All the shares were subscribed and the money was duly received except the first and final call on 600 shares. The directors forfeited above shares and reissued them at ₹ 7/- each as fully paid up.

Pass necessary journal entries in the book of the company.

22. Following is the Trial Balance of Jai Hind Company Limited as on 31st March 2013

Trial Balance as on 31st March 2013

Sl.No.	Particulars	Debit (₹)	Credit (₹)
1	Share Capital (30,000 shares of ₹ 10 each)	-	3,00,000
2	Calls in Arrears	10,000	-
3	Reserve Fund	-	25,000
4	Opening Stock	40,000	-
5	Purchases & Sales	1,50,000	3,20,000
6	Wages	25,000	-
7	Returns	12,000	8,000
8	Gas, Light & Electricity	15,000	-
9	Manufacturing Expenses	18,000	-
10	Salaries	30,000	-
11	Rent	18,000	-
12	Carriage Outward	15,000	-
13	Discounts	16,000	11,000
14	Debtors & Creditors	50,000	25,000
15	Land & Buildings	1,50,000	-
16	Preliminary Expenses	25,000	-
17	Machinery	80,000	-
18	Investments	60,000	-
19	Furniture	48,000	-
20	Cash in hand	12,000	-
21	12% Debentures	-	50,000
22	Bank Loan	-	20,000
23	Profit & Loss Appropriation A/c	-	15,000
		7,74,000	7,74,000

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Adjustments:

- a) Closing Stock as on 31st March 2013 ₹ 62,000.
 - b) Depreciate Machinery at 10% p.a.
 - c) Write off ½ of preliminary expenses.
 - d) Provide for out standing debenture interest for one year.
 - e) Proposed dividend ₹ 20,000. Prepare the Final Accounts of Company.
23. From the following Balance Sheet details of Hindusthan Limited, compute the trend percentage taking 31st March 2011 as Base Year:

Particulars	31.3.2011 ₹	31.3.2012 ₹	31.3.2013 ₹
Share Capital	1,00,000	1,25,000	1,50,000
Reserves and Surplus	50,000	75,000	75,000
Loans	1,00,000	50,000	25,000
Sundry Creditors	1,50,000	2,00,000	2,00,000
Buildings	1,00,000	1,25,000	1,50,000
Plant	1,00,000	1,25,000	50,000
Stock	1,25,000	1,25,000	75,000
Debtors	50,000	50,000	50,000
Cash at Bank	25,000	25,000	25,000
Bills Receiveable	20,000	25,000	30,000

24. Following are the Balance Sheet and Receipts and Payments Account of Basaveshwar Library, Mudhol.

Balance Sheet as on 31st March 2013

Liabilities	₹	Assets	₹
Capital fund	80,000	Cash in hand	20,000
Outstanding Rent	3,000	Books	25,000
		Furniture	5,000
Subscription received in advance	2,000	Buildings	30,000
		Outstanding Subscriptions	5,000
	85,000		85,000

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Receipts and Payments Account
for the year ending 31st March 2014

Dr			Cr
Receipts	₹	Payments	₹
To Balance b/d	20,000	By Rent:	
To Subscriptions received:		2012-2013 3,000	
2012 - 2013 5,000		2013-2014 <u>10,000</u>	13,000
2013 - 2014 45,000		By Office Expenses	4,500
2014 - 2015 <u>2,000</u>	52,000	By Books bought	30,000
To Entrance Fees	4,000	(on 1-4-2013)	
To Donations	8,000	By Furniture bought	10,000
To sale of old newspaper	2,000	(on 1-4-2013)	
		By subscriptions to newspaper	6,500
		By Investment	5,000
		By Balance c/d	17,000
	86,000		86,000

Adjustments:

- a) Half of Entrance Fees and half of Donations are to be capitalized.
- b) Depreciate Books and Furniture at 10% p.a.
- c) Subscription receivable for the current year 2013-2014 amounted to ₹ 6,000.
- d) Outstanding Rent for 31st March 2014 ₹ 1,000

Prepare: 1) Income and Expenditure A/c

2) Balance Sheet as on 31st March 2014

SECTION - D
(Practical Oriented Questions)

IV. Answer any two questions, each carrying five marks: 2 × 5 = 10

25. How do you treat the following in the absence of partnership Deed?
 - a) Interest on partners' capitals
 - b) Interest on drawings
 - c) Interest on partners' loan
 - d) Salary to partner
 - e) Distribution of profits or losses
26. Write the pro-forma of Vertical Balance Sheet of a joint stock company with appropriate heads.
27. Prepare the tree diagram of Hierarchical Data Base Model.

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ACCOUNTANCY (30)

SCHEME OF VALUATION - 1

Time : 3.15 hrs.

Max. Marks : 100

SECTION - A

1. Provision is a charge against profit to meet certain known liabilities or contingencies, which is set aside irrespective of profit or loss made by business. 2
2. It is a method under which capitals of partners fluctuate from year to year, as the adjustments like drawing, interest of capital, interest on drawings, salary payable to partner etc. are directly made in partners' Capital Accounts. 2
3. Journal Entry for decrease in Liability
Liability A/c Dr
 To Revaluation Account
 [Being decrease in the value of liability]
4. a) Creation of Goodwill at its full value and is shown as an asset in Balance Sheet of the firm.
b) Creation of Goodwill at its full value, but is written off immediately. 1 + 1
(any two as per syllabus)
5. a) With the consent of all the partners.
b) On the expiry of fixed period of time of partnership business. 1 + 1
(any two as per syllabus)
6. Authorized capital is the maximum amount of capital which a company is authorized to raise from the public by issue of shares 2
7. a) Income statement / P & L Account
b) Position statement / Balance Sheet 1 + 1
8. a) Comparative statement
b) Common size statement 1 + 1
(any two as per syllabus)
9. Legacies are gifts or donations received by Non-Profit Organizations as per the will of donor on his/her death. 2
10. a) Problem of using the data by more users simultaneously.
b) Problem of control and security when unauthorised user enters and mishandles the data (any two as per syllabus) 1 + 1

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SECTION - B

11. Profit and Loss Appropriation Account for the year ended 31st March 2014 5 Marks

Dr.

Cr.

Particulars	₹	Particulars	₹
To Interest on Sanjay's loan A/c $\left(40,000 \times \frac{10}{1000} \times \frac{9}{12}\right)$	3,000	By Profit & Loss A/c	23,000
" Interest on partners' capital A/c:		By Interest on Drawings:	
Sanjay : $80,000 \times 6\%$	4,800	Sanjay	1,000
Gopi : $60,000 \times 6\%$	3,600	Gopi	750
" Gopi's Salary A/c	3,000		
" Profit transferred to capital A/c:			
Sanjay : $10,350 \times \frac{3}{5} = 6,210$			
Gopi : $10,350 \times \frac{2}{5} = 4,140$	10,350		
	24,750		24,750

12. Share gained by each remaining partner = (Retiring Partner's share \times Gain Ratio) 5 Marks

$$\therefore \text{Share gained by Amar} = \frac{3}{10} \times \frac{2}{3} = \frac{6}{30}$$

$$\therefore \text{Share gained by Anthony} = \frac{3}{10} \times \frac{1}{3} = \frac{3}{30}$$

$$\therefore \text{New Profit Sharing Ratio} = \text{Old Share} + \text{Share Gained}$$

$$\therefore \text{New Share of Amar} = \frac{5}{10} + \frac{6}{30} = \frac{15+6}{30} = \frac{21}{30}$$

$$\text{New Share of Anthony} = \frac{2}{10} + \frac{3}{30} = \frac{6+3}{30} = \frac{9}{30}$$

$$\therefore \text{New Profit Sharing Ratio of Amar \& Anthony} = \frac{21}{30} : \frac{9}{30} \text{ or } 7:3$$

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13. 5
Cr.
 Dr. Vijay's Executors Account

Particulars	₹	Particulars	₹
To Profit & Loss A/c	2,500	By Vijay's capital A/c	20,000
" Balance c/d	22,400	" Interest on capital	
		$\left(20,000 \times \frac{6}{100} \times \frac{4}{12}\right)$	400
		" Goodwill A/c* $\left(18,000 \times \frac{1}{4}\right)$	4,500
		" Profit & Loss suspense A/c	
		$\left(12,000 \times \frac{1}{4} \times \frac{4}{12}\right)$	1,000
	25,900		25,900
		By Balance b/d	22,400

* $\frac{7,000 + 8,000 + 12,000}{3} = \frac{27,000}{3} = 9,000$

Goodwill = 9,000 × 2 = ₹18,000

14. 5
 Journal Entries in the books of MSK Manufacturing Co. Ltd.

Date	Particulars	LF	Debit	Credit
1	Bank A/c (2000 × 25) Dr. To 12% Debenture Application A/c [Being debenture application money received]		50,000	50,000
2	12% Debenture Application Account Dr. To 12% Debenture A/c [Being application money transferred to Debenture]		50,000	50,000
3	12% Debenture allotment A/c Dr. (2000 × 30) Discount on issue of debentures A/c Dr. (2000 × 10) To 12% Debentures A/c [Being allotment money due and discount on issue of debentures]		60,000 20,000	80,000
4	Bank A/c Dr. To 12% Debenture Allotment A/c [Being allotment money duly received]		60,000	60,000

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$$15. \text{ Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{1,60,000}{80,000} = 2:1$$

$$\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}} = \frac{1,28,000}{80,000} = 1.6:1$$

16. Balance Sheet as on 31st March 2013

Liabilities	₹	Assets	₹
Bank Loan	25,000	Cash in hand	1,000
Outstanding Rent	5,000	Cash at Bank	14,000
Subscriptions received in advance	3,000	Outstanding subscriptions	8,000
Capital fund (Balancing figure)	55,000	Investments	15,000
		Furniture	10,000
		Building	40,000
	88,000		88,000

17. a) Accuracy
b) Completeness
c) Reliability
d) Timeliness
e) Up - to - date

(with brief explanation for each point)

(3 + 2 = 5)

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SECTION - C

18. Dr. **MACHINERY ACCOUNT** Cr.

Date	Particulars	₹	Date	Particulars	₹
1-4-2010	To Bank A/c	60,000	31-3-2011	By Depreciation A/c	6,000
				$\left(60,000 \times \frac{10}{1000}\right)$	
			31-3-2011	” Balance c/d	54,000
		60,000			60,000
1-4-2011	To Balance b/d	54,000	31-3-2012	By Depreciation A/c	6,000
				$\left(60,000 \times \frac{10}{100}\right)$	
			31-3-2012	” Balance c/d	48,000
		54,000			54,000
1-4-2012	To Balance b/d	48,000	30-9-2012	By Depreciation A/c	500
				$\left(10,000 \times \frac{10}{100} \times \frac{6}{12}\right)$	
			30-9-2012	By Bank A/c	7,000
				(Sale of part of machinery)	
			30-9-2012	By Profit / Loss A/c	500
				(loss and sale)	
			31-3-2013	By Depreciation A/c	5,000
				$\left(50,000 \times \frac{10}{100}\right)$	
		48,000	31-3-2013	By Balance c/d	35,000
					48,000
1-4-2013	To Balance b/d	35,000	31-3-2014	By Depreciation A/c	
1-4-2013	” Bank A/c	20,000		$\left(50,000 \times \frac{10}{100}\right) = 5,000$	
				$\left(20,000 \times \frac{10}{100}\right) = 2,000$	7,000
			31-3-2014	By Balance c/d	48,000
		55,000			55,000
1-4-2014	To Balance b/d	48,000			

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Depreciation A/c

Dr.					Cr.
Date	Particulars	₹	Date	Particulars	₹
31-3-2011	To Machinery A/c	6,000	31-3-2011	By Profit / Loss A/c	6,000
		6,000			6,000
31-3-2012	To Machinery A/c	6,000	31-3-2012	By Profit / Loss A/c	6,000
		6,000			6,000
30-9-2012	To Machinery A/c	500	31-3-2013	By Profit / Loss A/c	5,500
31-3-2013	To Machinery A/c	5,000			
		5,500			
31-3-2014	To Machinery A/c	7,000	31-3-2014	By Profit / Loss A/c	7,000
		7,000			7,000

Calculation of profit or loss on sale of part of 1st machinery :

Cost of part of machinery on 1-4-2010 = ₹ 10,000

Less : Depreciation charged upto the date of sale

on 31-3-2011 - 10% on 10000 = 1000

on 31-3-2012 - 10% on 10000 = 1000

on 30-9-2012 - 10% on 10000 = 500

(for 6 months) 2500

Book value on the date of sale (30-9-2012) 7500

Less : sale price of part of the first machinery 7000

Loss on sale 500

(Total for Machinery a/c 10 marks and for Depreciation A/c 4 marks)

Dr.	Revaluation A/c		Cr.
Particulars	₹	Particulars	₹
To Machinery A/c	2,000	By Building a/c	1,600
To Provision for doubtful debts A/c	1,200	By Stock A/c	1,200
To Patents A/c	800	By Old Partners Capital A/c	1,200
		Gandhana $1200 \times \frac{1}{2} = 600$	
		Ganavi $1200 \times \frac{1}{2} = 600$	
	<u>4,000</u>		<u>4,000</u>

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Dr.				Partners Capital A/c				Cr.			
Particulars	Gandhana (₹)	Ganavi (₹)	Kumuda (₹)	Particulars	Gandhana (₹)	Ganavi (₹)	Kumuda (₹)				
To Revaluation A/c (Loss)	600	600	-	By Balance b/d	40,000	20,000	-				
To Cash A/c	3,400	-	-	By Cash A/c	-	-	13,000				
To Balance c/d	39,000	26,000	13,000	By Goodwill A/c	3,000	3,000	-				
	43,000	26,600	13,000	By Cash A/c	-	3,600	-				
					43,000	26,600	13,000				
				By Balance b/d	39,000	26,000	13,000				

Dr.			Cash A/c		Cr.	
Particulars	₹	Particulars	₹			
To, Balance b/d	7,000	By Gandharva's Capital A/c	3,400			
To, Kumuda's Capital A/c	13,000	By Balance c/d	20,200			
To, Ganavi's Capital A/c	3,600					
	23,600		23,600			
To, Balance b/d	20,200					

New Balance Sheet of Gandhana, Ganavi and Kumuda's as on 31-3-2014

Liabilities	₹	₹	Assets	₹	₹
Creditors		20,000	Cash in hand		20,200
Bills payable		4,000	Stock	15,000	
<u>Capitals</u>			Add. Appreciation	1,200	16,200
Gandhana	39,000		Debtors	16,000	
Ganavi	26,000		Less R.D.D.	1,700	14,300
Kumuda	13,000	78,000	Furniture		4,500
			Plant & Machinery	18,000	
			Less depreciation	2,000	16,000
			Land & Buildings	20,000	
			Add. Appreciation	1,600	21,600
			Patents	4,000	
			Less written off	800	3,200
			Goodwill		6,000
		1,02,000			1,02,000

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Calculation of Adjustment of Capital :

Kumuda's Capital is ₹ 13,000 and given $\frac{1}{6}$ share of profit

Total capital of new firm = $13,000 \times \frac{6}{1} = 78,000$

Gandhana's Capital = $78,000 \times \frac{3}{6} = 39,000$

Ganavi's Capital = $78,000 \times \frac{2}{6} = 26,000$

Kumuda's Capital = $78,000 \times \frac{1}{6} = 13,000$

20. Dr.	Realisation A/c		Cr.
Particulars	₹	Particulars	₹
To Goodwill A/c	20,000	By R.B.D.	2,000
To Building A/c	1,00,000	By Creditors A/c	20,000
To Machinery A/c	40,000	By Bank over draft A/c	12,000
To Furniture A/c	24,000	By Bills Payable A/c	8,000
To Stock A/c	36,000	By Mrs. Sujit's Loan A/c	10,000
To Debtors A/c	32,000	By Bharat's Loan A/c	5,000
To Cash A/c		By Cash A/c	
(Liabilities paid)		(Assets realised)	
Creditors 18,000		Debtors 27,000	
(20000 – 2000)		Stock 32,400	
Bank O.D 13,000		Buildings 1,24,000	
(12000 + 1000)		Computer 4,000	
B/P	8,000	Machinery 40,000	2,27,400
Bharat's Loan 5,000	44,000	By Ajith's Capital A/c	18,000
To, Cash A/c	6,000	(Furniture taken)	
(Dissolution Exp.)		By Partners Capital A/c	9,600
To, Sujith's Capital A/c	10,000	(Bal. transferred)	
(Wife's loan taken)		Ajith $9600 \times \frac{1}{4} = 2400$	
		Vijith $9600 \times \frac{2}{4} = 4800$	
		Sujith $9600 \times \frac{1}{4} = 2400$	
	3,12,000		3,12,000

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Dr.				Partner's Capital A/cs.				Cr.			
Particulars	Ajith (₹)	Vijith (₹)	Sujith (₹)	Particulars	Ajith (₹)	Vijith (₹)	Sujith (₹)				
To, Realisation A/c	2400	4800	2400	By Balance b/d	84,000	70,000	40,000				
To, Realisation A/c	18,000	-	-	By P & L A/c	4,000	8,000	4,000				
To, Cash A/c [B.F]	67,600	73,200	51,600	By Realisation A/c	-	-	10,000				
	88,000	78,000	54,000		88,000	78,000	54,000				

Dr.		Cash A/c		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	15,000	By Realisation A/c	44,000		
To Realisation A/c	2,27,400	(Liab. paid)			
		By Realisation A/c	6,000		
		(Rel. Exp.)			
		By Ajith's Capital A/c	67,600		
		By Vijith's Capital A/c	73,200		
		By Sujith's Capital A/c	51,600		
	2,42,400		2,42,400		

21. Journal entries in the books of India Ltd.

Date	Particulars	LF	Debit (₹)	Credit (₹)
1)	Bank A/c (40000 × 3) Dr. To Equity share application A/c (Being application money received)		1,20,000 -	- 1,20,000
2)	Equity share application a/c Dr. (40000 × 3) To equity share capital A/c (Being Equity share application money transferred to share capital)		1,20,000 -	- 1,20,000
3)	Equity share allotment A/c Dr. (40000 × 2) To equity share capital A/c (Being Equity share allotment money due)	-	80,000	- 80,000
4)	Bank A/c (40000 × 2) Dr. To Equity share allotment A/c (Being allotment money received)		80,000 -	- 80,000

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5)	Equity share first call A/c (40000 × 3) To Equity share capital A/c (Being equity share first call money due)	Dr.	1,20,000	-	-
6)	Bank A/c (39400 × 3) To Equity share first call A/c (Being first call money received) or Bank A/c (39400 × 3) Calls-in-arrears A/c (600 × 3) To Equity share first call A/c (Being first call money received)	Dr. Dr. Dr.	1,18,200 1,18,200 1,800	- - -	1,20,000 1,18,200 1,20,000
7)	Equity share final call A/c (40000 × 2) To Equity share capital A/c (Being final call money due)	Dr.	80,000	-	80,000
8)	Bank A/c (39400 × 2) To Equity share final call A/c (Being final call money received) or Bank A/c (39400 × 2) Calls-in-arrears A/c (600 × 2) To Equity share final call A/c (Being final call money received)	Dr. Dr. Dr.	78,800 78,800 1,200	- - -	78,800 80,000
9)	Equity share capital A/c (600 × 10) To Share first call A/c (600 × 3) To Share final call A/c (600 × 2) To Forfeited share A/c (600 × 5) (Being defaulters shares forfeited) or Equity share capital A/c To Calls in arrears A/c To Forfeited share A/c	Dr.	6,000	-	1,800 1,200 3,000
10)	Bank A/c Forfeited shares A/c To Equity share capital A/c (Being forfeited shares reissued)	Dr. Dr.	4,200 1,800	-	6,000
11)	Forfeited share A/c To Capital Reserve A/c (Being profit on forfeited shares transferred)	Dr.	1,200	-	1,200

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22. Working notes

Note No.1 cost of goods sold

Particulars	₹	₹
Opening stock		40,000
Add : Purchases	1,50,000	
Less : Returns	8,000	1,42,000
Wages		25,000
Gas, light & electricity		15,000
Manufacturing expenses		18,000
		2,40,000
Less : Closing stock		62,000
Cost of goods sold		1,78,000

Note No.2 - Operating expenses & Losses (net)

Salaries	30,000
Rent	18,000
Carriage outward	15,000
Discount allowed	16,000
	79,000
Less: Discount received	11,000
	68,000

Note No.3 - Interest on borrowings

Debenture interest	6,000
$50,000 \times \frac{12}{100}$	

Note No.4 - Dividend and Appropriations

Proposed dividend	20,000
Add: Corporate dividend tax @ 16.2225%	3,245
$20,000 \times \frac{16.2225}{100}$	
Total	23,245

Note No. 5 - Share capital

30,000 shares of ₹ 10/- each	3,00,000
Less : Calls in arrears	10,000
Paid up capital	2,90,000

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Note No.6 - Reserves & Surplus

Reserve fund	25,000
Surplus	27,255
Total	52,255

Note No.7 - Secured Loan

12% Debentures	50,000
Add : Interest Outstanding	6,000
Total	56,000

Note No. 8 - Fixed assets

	Land & Building	Machinery	Furniture	Total (₹)
Gross:	1,50,000	80,000	48,000	2,78,000
Lessd: depreciation	-	8,000	-	8,000
	1,50,000	72,000	48,000	2,70,000

Note No. 9 - Current assets loans & advances

Debtors	50,000
Cash in hand	12,000
Closing stock	62,000
Total	1,24,000

Note No.10 - Current liabilities & provisions

Creditors	25,000
Proposed dividend	20,000
Corporate dividend tax	3,245
Total	48,245

Note No. 11 - Miscellaneous expenses

Preliminary expenses	25,000
Less: Written off	12,500
Total	12,500

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Income Statement of Jaihind Ltd. for the year ended on 31-3-2013

Particulars	Note No.	₹
Sales		3,20,000
Less: returns		<u>12,000</u>
Less: Cost of goods sold	1	1,78,000
Gross profit		1,30,000
Less: Operating expenses	2	68,000
EBITDA		62,000
Less: Depreciation & Amortisation	8	20,500
EBIT		41,500
Less: Interest on borrowings	3	6,000
EBT		35,500
Less: Tax		Nil
EAT		35,500
Less: Dividend & Appropriation	4	23,245
Retained earnings		12,255
Add: Operating balance of P & L a/c		15,000
Surplus		27,255

Position Statement or Balance Sheet of Jaihind Ltd. as on 31-3-2013

Liabilities	Note No.	₹
Shareholders funds		
Share Capital	5	2,90,000
Reserves & Surplus	6	52,255
Non Current Liabilities		
12% Debentures	7	56,000
Bank Loan		2,0000
Total		4,18,255
Assets	Note No.	₹
Fixed assets	8	2,70,000
Investments		60,000
Current assets, loans & advances	9	1,24,000
Less: Current liab. & provisions	10	<u>48,245</u>
Miscellaneous expenses & losses	11	12,500
Total		4,18,255

(Working Notes – 5 + Income statement 5 + position statement 4)

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23. TREND PERCENTAGE (Base year) 2011 = 100

Particulars	2011	Trend %	2012	Trend Percentage	2013	Trend Percentage
<u>Capital & Liabilities</u>						
Share Capital	1,00,000	100	1,25,000	125	1,50,000	150
Reserves	50,000	100	75,000	150	75,000	150
Loans	1,00,000	100	50,000	50	25,000	25
Sundry Creditors	1,50,000	100	2,00,000	133	1,00,000	67
Total	4,00,000		4,50,000		3,50,000	
<u>Assets</u>						
Buildings	1,00,000	100	1,25,000	125	1,50,000	150
Plant	1,00,000	100	1,25,000	125	50,000	50
Stock	1,25,000	100	1,25,000	100	75,000	60
Debtors	50,000	100	50,000	100	50,000	100
Cash at bank	25,000	100	25,000	100	25,000	100
Bills receivable	20,000	100	25,000	125	30,000	150
Total	4,20,000		4,75,000		3,80,000	

$$\text{Trend percentage} = \frac{\text{Present year value}}{\text{Base year value}} \times 100, \quad (4 + 2, 6 + 2 = 14 \text{ marks})$$

24. Income & Expenditure Account for the year ending 31-3-14

Dr.			Cr.		
Expenditure	₹	₹	Income	₹	₹
To Rent	10,000		By Subscriptions	45,000	
Add: o/s for current year	1,000	11,000	Add: Sub. received in advance in previous year	2,000	
To Office Expenses		4,500	Add: o/s Sub. for current year	6,000	53,000
To Subscription to newspapers		6,500	By Entrance fees		2,000
To Depreciation on Books (25000 + 30000 × 10%)	5,500		$\left(4000 \times \frac{50}{100}\right)$		
On furniture	1,500	7,000	By Donations		4,000
(5000 + 10000 × 10%)			$\left(8000 \times \frac{50}{100}\right)$		
To, Surplus (Excess of Income over expenditure)		32,000	By sale of old newspapers		2,000
Total		61,000	Total		61,000

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Balance Sheet as on 31-3-2014

Liabilities	₹	₹	Assets	₹	₹
<u>Capital fund</u>			Cash in hand		17,000
Op balance	80,000		Books	25,000	
Add: Entrance fees	2,000		Add: Purchased	30,000	
Add: Donation	4,000			55,000	
Add: Surplus	32,000	1,18,000	Less: Depreciation	5,500	49,500
Subscriptions received in advance		2,000	Buildings		30,000
Outstanding Rent		1,000	Furnitures	5,000	
			Add: Purchased	10,000	
				15,000	
			Less: Depreciation	1,500	13,500
			Investments		5,000
			Outstandings subscriptions		6,000
		1,21,000			1,21,000

(Total marks 8 +6)

SECTION - D

25. (a) No interest to be allowed on partners' capitals
 (b) No interest to be charged on partners' drawings
 (c) 6% p.a. is to be allowed on loan advanced by partner.
 (d) All partners have to share profits equally and are equally liable to the firm's losses.
 (e) No salary is payable to partners.
26. Balance Sheet of XYZ Co. Ltd. as on.....

Sources of Funds (Liabilities)	Note No.	₹	₹
Shareholders Fund:			
Share Capital	5	xx	
Reserves and Surplus	6	xx	xx
Non-Current Liabilities:			
Secured loans	7	xx	
Unsecured loans	-	xx	xx
Total			xxx

PUE

Application of Funds (Assets)	Note No.	₹	₹
Fixed Assets	8		xx
Investments	-		xx
Current Assets, loans & advances	9	xx	
Less: Current liabilities & provisions	10	xx	xx
Miscellaneous Expenses	11		xx
Total			xxx

27.

Tree Diagram
Hierarchical Data Base Model


