

## SECOND YEAR PUC ACCOUNTANCY (30)

### MODEL QUESTION PAPER - 2

**Time : 3.15 hrs.**

**Max.Marks : 100**

#### SECTION - A

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

1. Give any two examples for "Revenue Reserves".
2. Mention any four contents of a partnership deed.
3. State any two factors affecting 'Goodwill'.
4. What is Gain Ratio?
5. How do you close 'Realisation Account'?
6. What do you mean by 'calls-in-arrears'?
7. Write the meaning of 'unclaimed dividend'.
8. State any two uses of ratios.
9. What is meant by 'capital expenditure'?
10. What is 'Real Time Processing System'?

#### SECTION - B

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

11. Mr. Krish, a partner has drawn the following amounts during the year 2013-14:  
₹ 3,000 on 31/05/2013  
₹ 2,000 on 01/09/2013  
₹ 4,000 on 30/11/2013  
Calculate his interest on drawings @ 10% p.a. under product method, up to the year ending 31-3-2014.
12. Nandan and Chandan were partners in a firm sharing profits & losses in the proportion of 5:3. They admit Vandana into partnership and agreed to share future profits in the ratio of 3:2:1 respectively. Calculate sacrifice ratio of old partners.
13. Ajith, Sujith & Punith were partners in a firm sharing profit & losses in 2:2:1. On 1-4-2013, they had capitals of ₹ 40,000, ₹ 30,000 & ₹ 20,000 respectively.

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On 31<sup>st</sup> July, 2013, Ajith died & his executors are entitled for the following:

- a) His capital as on 1-4-2013.
- b) Interest on his capital @ 6% p.a.
- c) His share of goodwill. The goodwill of the firm was valued at ₹ 25,000.
- d) His share of accrued profit upto the date of his death, to be calculated on the basis of average profits of two preceding years. The profits were : 31-3-2012 : ₹ 20,000 & 31-3-2013 : ₹ 28,000
- e) His drawings upto the date of death amounted to ₹ 4,250.

Prepare Ajith's Capital Account.

14. The Delta company limited offered to public 2000, Debentures of ₹ 100 each at a premium of ₹ 20 per debenture payable as under:

₹ 20 on application

₹ 50 on allotment including premium

₹ 30 on first call and balance on final call.

All the debentures were subscribed, allotted and called up. All the money were duly received.

Pass journal entries up to receipt of allotment money.

15. From the following Balance Sheets of 'X' Ltd & 'Y' Ltd. prepare common size Balance Sheet.

Balance Sheet of 'X' Ltd. & 'Y' Ltd as at 31-3-2014

Particulars	'X' Ltd.	'Y' Ltd.
<u>Liabilities:</u>		
Share Capital	4,00,000	5,80,000
Reserves & Surplus	1,12,000	1,16,000
Long term Loans	36,000	40,000
Current Liabilities	48,000	48,000
	5,96,000	7,84,000
<u>Assets:</u>		
Fixed Assets	3,60,000	4,64,000
Investments	80,000	1,16,000
Current Assets	1,56,000	2,04,000
	5,96,000	7,84,000

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16. From the following ledger balances of Neha Sports Club as on 1st April, 2014, ascertain opening capital fund:  
Buildings: ₹ 50,000, Computer ₹ 25,000, Sports Materials: ₹ 20,000, Investments : ₹ 12,000, Outstanding Salary : ₹ 1,500, Outstanding Subscriptions : ₹ 2,500, Tournament fund : ₹ 10,000, Subscriptions received in advance : ₹ 1,200, Cash in hand : ₹ 8,200.
17. Explain the stages of data processing cycle.

**SECTION – C**

**III. Answer any four of the following questions each carrying fourteen marks :**

**4 × 14 = 56**

18. On 1-4-2010, A limited company purchased machinery for ₹ 1,00,000. On 30-9-2012, the machinery was destroyed by fire & the Insurance company compensated ₹ 65,000. On the same day, a new machinery was bought for ₹ 50,000. On 1-4-2013, another machinery was installed at a cost of ₹ 40,000. The company charges depreciation at 15% p.a. under written down value method, on 31st March of every year. Show the Machinery A/c & Depreciation A/c for four years.
19. Dravid, Dhoni and Dhawan were partners in a firm, sharing profits & losses in the ratio of 2 : 2 : 1. Their Balance Sheet as on 31st March, 2013 was as under:

Balance Sheet as on 31-03-2013

Liabilities	₹	Assets	₹
Creditors	32,000	Cash at Bank	30,000
B/P	18,000	Stock	20,000
Reserve fund	20,000	Debtors      30,000	
<u>Capitals</u>		(-) RBD <u>2,000</u>	28,000
Dravid	35,000	Furniture	12,000
Dhoni	35,000	Motor Van	25,000
Dhawan	20,000	Buildings	45,000
	<u>1,60,000</u>		<u>1,60,000</u>

On 1-4-2013, Dravid retired, Dhoni and Dhawan agreed to share future profits in the ratio of 2:1 and the following terms were agreed upon;

- a) The goodwill of the firm be raised at ₹ 20,000 and is to be retained in the firm.
- b) The RBD is no longer necessary.

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- c) Provide 5% reserve for discount on creditors.
- d) Stock, Motor Van & Buildings are to be revalued at ₹ 19,000, ₹ 24,000 and ₹ 43,000 respectively.
- e) The total capital of the new firm be agreed at ₹ 90,000 and the continuing partners to adjust their capital according to their new ratio. Adjustments are to be made in cash.

Prepare Revaluation A/c, Partners' Capital A/c, Bank A/c & New Balance Sheet.

20. Veda and Niveda are equal partners in a firm. They decided to dissolve their firm on 01-04-2014, when their balance sheet stood as below:

Balance Sheet as at 01-04-2014

Liabilities	₹	Assets	₹
Creditors	24,000	Cash at Bank	8,000
Megha's Loan	10,000	Stock	16,000
Veda's Loan	6,000	Debtors 28,000	
<u>Capital:</u>	35,000	(-) RDD 3,000	25,000
Veda		Joint Life Policy	15,000
Niveda	35,000	Furniture	10,000
General Reserve	10,000	P & L Account	6,000
	1,20,000		1,20,000

The terms of dissolution were;

- a) Veda took over joint life policy at an agreed value of ₹ 12,000 & agreed to pay Megha's loan.
- b) Creditors were paid off at a discount of 5%.
- c) Assets were realised as under; Furniture : ₹ 8,500, Debtors : ₹ 23,500 and Buildings at ₹ 54,000.
- d) There was an unrecorded investment of ₹ 5,000 & it was also realised at ₹ 6,000.
- e) Cost of dissolution amounted to ₹ 1,500.

Prepare Realisation A/c, Partners' Capital A/cs, and Bank A/c.

21. The Best Luck Company Ltd. issued to public 8,000 shares of ₹ 100 each, at a discount of 10% payable as under:
- i) On application : ₹ 20
  - ii) On allotment : ₹ 20
  - iii) On First call : ₹ 30
  - iv) On Final Call : ₹ 20

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All the shares were subscribed, allotted, called up & paid up except on 400 shares of first call & final call. These shares were forfeited and re-issued at ₹ 80 per share as fully paid up. Pass necessary journal entries in the books of the company.

22. Following is the Trial Balance of Good Luck Company Ltd. as at 31-3-2014:

Debit Balances	₹	Credit Balances	₹
Buildings	50,000	Share Capital	1,00,000
Machinery	40,000	Creditors	16,000
Purchases	1,20,000	Reserve fund	18,000
Carriage & Freight	3,500	Sales	1,60,000
Salaries	6,500	Profit & Loss A/c (31-3-2013)	17,000
Rent, Rates & Insurance	4,000	Discount	2,000
Interim Dividend	12,000	Bills Payable	8,000
Debtors	20,000	12% Debentures	40,000
Stock (1-4-2013)	30,000		
Goodwill	25,000		
Investments	15,000		
Bad-debts	4,000		
Advertisements	3,600		
Furniture	10,000		
Wages	2,400		
Customs Duty	3,000		
Cash at Bank	12,000		
	<b>3,61,000</b>		<b>3,61,000</b>

Adjustments:

- a) Closing stock : ₹ 56,000
- b) Write off 10% on Goodwill & Depreciate Machinery by 15%.
- c) Directors declared a final dividend of ₹ 8,000 for the year.
- d) Debenture interest is due for one year.
- e) Make a provision for income tax ₹ 10,000.
- f) Provide Corporate Dividend Tax @ 16.2225%.

Prepare final accounts of the company.

23. The following is the summarised P & L A/c and Balance Sheet of Sangam Ltd, for the year ended 31st March, 2014:

**PUE**

P & L A/c for the year ending 31-3-2014

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Opening Stock	1,00,000	By Sales	8,00,000
“ Purchases	4,00,000	“ Closing Stock	1,20,000
“ Direct Expenses	40,000		
“ Gross profit c/d	3,80,000		
	9,20,000		9,20,000
To Salary	1,00,000	By Gross profit b/d	3,80,000
“ Debenture Interest	10,000		
“ Net Profit	2,70,000		
	3,80,000		3,80,000

Balance Sheet as at 31-3-2014

Liabilities	₹	Assets	₹
Share Capital	4,00,000	Cash	40,000
Reserve fund	2,00,000	Stock	1,20,000
P & L A/c	80,000	Debtors	2,00,000
10% Debentures	1,00,000	Computer	1,00,000
Creditors	2,50,000	Buildings	7,40,000
Bills Payable	70,000		
Bank Overdraft	1,00,000		
	12,00,000		12,00,000

Calculate i) Gross Profit Ratio, ii) Net Profit Ratio, iii) Current Ratio, iv) Liquid Ratio, v) Stock Turnover Ratio.

24. Following are the Balance Sheet and Receipts & Payments Account of Mercury Sports Club, Madikeri.

Balance Sheet as on 1-04-2013

Liabilities	₹	Assets	₹
Rent due	1,000	Cash in hand	8,000
Subscriptions for 2013-14	2,000	Sports Equipment	30,000
Capital fund	97,000	Furniture	12,000
		O/S subscriptions	5,000
		Buildings	45,000
	1,00,000		1,00,000

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Receipts & Payments Account for the year ended 31-3-2014

Dr.		Cr.	
Receipts	₹	Payments	₹
To Balance b/d	8,000	By Rent	6,200
“ Subscriptions	28,000	“ Tournament Expenses	12,000
“ Donations	15,000	“ Sports Equipment	
“ Entrance fees	9,000	(1-4-2013)	20,000
“ Tournament fund	20,000	“ Investments	16,000
“ Interest	1,000	“ Magazines &	3,800
“ Sale of old newspapers	2,000	Newspapers	
		“ Sundry Expenses	3,000
		“ Balance c/d	22,000
	83,000		83,000

Adjustments:

- a) Rent due on 31-3-2014 was ₹ 1,500
- b) Subscription due for 2013-14 was ₹ 6,500
- c) Subscription received in advance for 2014-15 was ₹ 4,000
- d) Capitalise half of entrance fees & entire donations.
- e) Depreciate sports equipments & furniture by 10% each. Prepare: Income & Expenditure A/c & Balance Sheet as on 31-3-2014

**SECTION - D**

(Practical Oriented Questions)

**VI. Answer any two questions, each carrying five marks. 2 × 5 = 10**

25. Prepare Machinery Account for two years under original cost method with imaginary figures.
26. Prepare current account of two partners with imaginary figures.
27. Prepare Comparative Income statements with imaginary figures.

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**SCHEME OF VALUATION - 2**  
**ACCOUNTACY (30)**

**Time : 3.15 hrs.**

**Max. Marks : 100**

**SECTION - A**

1.
  - i. Workmen compensation reserve
  - ii. Dividend equalisation reserve (or any other two) 1+1
2.
  - i. Name of the firm
  - ii. Names and addresses of the partners
  - iii. The principal place of business  $\frac{1}{2}$  marks each
  - iv. Duration of the partnership firm (or any other two)
3.
  - i. Past profits of the business 1+1
  - ii. Location of the business (or any other two)
4. The gain ratio is the ratio in which the remaining partners gain or acquire the share of the retiring partner on his retirement. 2
5. The realisation A/c will be closed by transferring its balance to the capital accounts of all the partners in their profit sharing ratio. 2
6. The amount remaining unpaid on allotment or on call is called calls-in-arrears. 2
7. It refers to dividend declared by the company, but not yet claimed by the shareholders. 2
8.
  - i) Helps in Decisions making
  - ii) Helps in communicating (or any other two) 2
9. Capital expenditure is an expenditure whose benefit is not exhausted in just one year, but the benefit is available for more than one year. 2
10. Real Time Processing System is a system in which the response from the computer system is instant and the data is processed within no time after the input. 2



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**SECTION - B**

11. Calculation of Interest on Drawings ;

Date of Drawings	Amount of Drawings	No. of o/s months	Product ₹
31-05-2013	3,000	10	30,000
01-09-2013	2,000	07	14,000
30-11-2013	4,000	04	16,000
Total Product			60,000

$$\text{Interest on Drawings} = \text{Total Product} \times \text{Rate} \times \frac{1}{12}$$

$$= 60,000 \times \frac{10}{100} \times \frac{1}{12}$$

$$= ₹500.00$$

Calculation of sacrifice ratio :

12. Old Ratio = 5 : 3 or  $\frac{5}{8} : \frac{3}{8}$

New Ratio = 3 : 2 : 1 or  $\frac{3}{6} : \frac{2}{6} : \frac{1}{6}$

Sacrifice Ratio = Old Ratio – New Ratio

$$\text{Nandan's Sacrifice share} = \frac{5}{8} - \frac{3}{6} = \frac{30-24}{48} = \frac{6}{48}$$

$$\text{Chandan's Sacrifice share} = \frac{3}{8} - \frac{2}{6} = \frac{18-16}{48} = \frac{2}{48}$$

$$\therefore \text{S.R.} = \frac{6}{48} : \frac{2}{48} \text{ or } 3 : 1$$

13. Note : (1) Acrued profit

$$\begin{array}{r} 28000 \\ 20000 \\ \hline 48000 \end{array} \quad \text{AP} = \frac{48000}{2} = 24000$$

Ajith's share in acrued profit

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$$24000 \times \frac{4}{12} \times \frac{2}{5} = 3200$$

Ajith's Capital A/c

Dr.	₹	Cr.	₹
Particulars		Particulars	
To Drawings	4,250	By Balance b/d	40,000
To Ajith's Executor's A/c	49,750	By Interest on capital	
		$\left(40000 \times \frac{5}{100} \times \frac{4}{12}\right)$	800
		By Goodwill	
		$\left(25000 \times \frac{2}{5}\right)$	10,000
		By P/L suspense A/c	3,200
	54,000		54,000

Journal entries in the books of Delta Co. Ltd.

14.	Date	Particulars	Debit ₹	Credit ₹
	i)	Bank A/c <span style="float: right;">Dr</span> To Debenture Application A/c [Being Debenture application money Received]	40,000	40,000
	ii)	Debenture Applications A/c <span style="float: right;">Dr</span> To Debenture A/c [Being Debenture application money transferred to Debenture A/c]	40,000	40,000
	iii)	Debenture Allotment A/c <span style="float: right;">Dr</span> To Debentures A/c To Securities Premium A/c [Being Debenture allotment money due along with premium]	1,00,000	60,000 40,000
	iv)	Bank A/c <span style="float: right;">Dr</span> To Debenture Allotment A/c [Being Debenture allotment money received]	1,00,000	1,00,000

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15. Common Size Balance Sheet as on 31-3-2014

Particulars	X Ltd		Y Ltd	
	₹	%	₹	%
<u>Assets:</u>				
Total Fixed Assets (A)	3,60,000	60.40	4,64,000	59.18
Total Current Assets (B)	1,56,000	27.17	2,04,000	26.02
Investments (C)	80,000	13.43	1,16,000	14.80
Total Assets (A + B + C)	5,96,000	100	7,84,000	100.00
<u>Share Capital &amp; Reserves</u>				
Equity share capital	4,00,000	67.11	5,80,000	73.98
Reserves & Surplus	1,12,000	18.79	1,16,000	14.80
Shareholders Fund (A)	5,12,000	85.92	6,96,000	88.78
Long term Debts (B)				
Long term loans	36,000	6.04	40,000	5.10
Current Liabilities (C)	48,000	8.06	48,000	6.12
Total Liabilities Capital (A + B + C)	5,96,000	100	7,84,000	100

16. Neha Sports Club  
Balance Sheet as on 1-4-2014

Liabilities	₹	Assets	₹
O/S Salary	1,500	Building	50,000
Tournament Fund	10,000	Computer	25,000
Subscription received in advance	1,200	Sports Material	20,000
Capital Fund	1,05,000	Investment	12,000
		O/S subscription	2,500
		Cash in hand	8,200
	1,17,700		1,17,700

17. The stages of data processing cycle are:

- i) Data collection
  - ii) Data Input
  - iii) Processing of Data
  - iv) Data output
  - v) Data storage
- (With explanation)

each 1 mark.

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SECTION - C

18.

Dr.		Machinery A/c		Cr.	
Date	Particulars	₹	Date	Particulars	₹
1-4-10	To Bank A/c	1,00,000	31-3-11	By Depreciation A/c	15,000
			31-3-11	By Balance c/d	85,000
		1,00,000			1,00,000
1-4-11	To Balance b/d	85,000	31-3-12	By Depreciation A/c	12,750
			31-3-12	By Balance c/d	72,250
		85,000			85,000
1-4-12	To Balance b/d	72,250	30-9-12	By Depreciation A/c	5,419
30-9-12	To Bank	50,000	30-9-12	By Bank A/c	65,000
			30-9-12	By P/L A/c	1,831
			31-3-13	By Depreciation A/c	3,750
			31-3-13	By Balance c/d	46,250
		1,22,250			1,22,250
1-4-13	To Balance b/d	46,250	31-3-14	By Depreciation A/c	12,938
1-4-13	To Bank A/c	40,000	31-3-14	By Balance c/d	73,312
		86,250			86,250
1-4-14	To Balance b/d	73,312			

Dr.		Depreciation A/c		Cr.	
Date	Particulars	₹	Date	Particulars	₹
31-3-11	To Machinery A/c	15,000	31-3-11	By P/L A/c	15,000
		15,000			15,000
31-3-12	To Machinery A/c	12,750	31-3-12	By P/L A/c	12,750
		12,750			12,750
30-9-12	To Machinery A/c	5,419	31-3-13	By P/L A/c	9,169
31-3-13	To Machinery A/c	3,750			
		9,169			9,169
31-3-14	To Machinery A/c	12,938	31-3-14	By P/L A/c	12,938
		12,938			12,938

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Note: Calculation of Loss by fire

Cost of machinery (1-4-10)	1,00,000
Less: Depreciation (15000 + 12750 + 5419)	33,169
W.D.V on 30-9-12	66,831
Claim received	65,000
Loss by fire	1,831

19. Dr. Revaluation A/c Cr.

Particulars	₹	Particulars	₹
To Stock	600	By RBD	2,000
To Motor Van	1,000	By Creditors	1,600
To Building	2,000		
	3,600		3,600

Dr. Partner's Capital A/c Cr.

Particulars	Dravid	Dhoni	Dhawan	Particulars	Dravid	Dhoni	Dhawan
To Dravid's Loan A/c	51,000	-	-	By Balance b/d	35,000	35,000	2,000
To Balance c/d	-	60,000	30,000	By Reserve Fund	8,000	8,000	4,000
				By Goodwill	8,000	8,000	4,000
				By Bank A/c	-	9,000	2,000
	51,000	60,000	30,000	By Balance b/d	51,000	60,000	30,000
						60,000	30,000

Dr. Bank A/c Cr.

Particulars	₹	Particulars	₹
To Balance b/d	30,000	By Balance c/d	41,000
To Dhoni's capital a/c	9,000		
To Dhawan's capital a/c	2,000		
	41,000		41,000
To Balance b/d	41,000		

Balance Sheet of Dhoni & Dhawan as on 1-4-2013

Liabilities	₹	Assets	₹
Capital A/cs		Buildings 45,000	
Dhoni	60,000	Less: Depreciation <u>2,000</u>	43,000
Dhawan	20,000	Motor Van 25,000	
Dravid's Loan A/c	51,000	Depreciation <u>1,000</u>	24,000
Creditors 32,000		Furniture	12,000
Less: Discount Reserve <u>1,600</u>	30,400	Debtors	30,000
Bills Payable	18,000	Stock 20,000	19,400
		Less: Depreciation <u>600</u>	
		Cast at Bank	41,000
		Goodwill	20,000
	1,89,400		1,89,400

**PUE**

20. Dr.		Realisation A/c	Cr.	
Particulars	₹	Particulars	₹	
To Stock	16,000	By Creditors	24,000	
To Debtors	28,000	By Megha's Loan A/c	10,000	
To Joint Life Policy	15,000	By R.D.D.	3,000	
To Furniture	10,000	<u>By Bank A/c</u>		
To Building	40,000	Furniture	8,500	
To Bank A/c [creditors]	22,800	Debtors	23,500	
To Veda's Capital A/c	10,000	Building	54,000	
To Bank A/c (Dissolution cost)	1,500	Investment	6,000	
To Partner's capital A/c	13,700	Stock	16,000	1,08,000
Veda: 6,850		By Veda's capital A/c		12,000
Niveda : <u>6,850</u>				
	1,57,000			1,57,000

Dr.		Partners' Capital A/cs.		Cr.	
Particulars	Veda	Niveda	Particulars	Veda	Niveda
To Realisation A/c	12,000	-	By Balance B/d	35,000	35,000
To P/L A/c	3,000	3,000	By General Reserve	5,000	5,000
To Bank A/c	41,850	43,850	By Realisation A/c	6,850	6,850
			By Realisation A/c	10,000	-
	56,850	46,850		56,850	46,850

Dr.		Bank A/c		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	8,000	By Realisation A/c	22,800		
To Realisation A/c	1,08,000	By Realisation A/c	1,500		
		By Veda's Loan A/c	6,000		
		<u>By Capital A/c</u>			
		Veda	41,850		
		Niveda	43,850		
	1,16,000		1,16,000		

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21.

Journal entries in the books of Best Luck Co. Ltd.

Date	Particulars	Debit (₹)	Credit (₹)
1	Bank A/c (8000 × 20) Dr To Share Application A/c [Being application money received]	1,60,000	1,60,000
2	Share Application A/c Dr To Share Capital A/c [Being application money transferred]	1,60,000	1,60,000
3	Share Allotment A/c (8000 × 20) Dr Discount on issue of shares A/c (8000 × 10) Dr To Share Capital A/c [Being allotment money due @ a discount]	1,60,000 80,000	2,40,000
4	Bank A/c (8000 × 20) Dr To Share Allotment A/c [Being allotment money received]	1,60,000	1,60,000
5	Share first call A/c (8000 × 30) Dr To Share Capital A/c	2,40,000	2,40,000
6	Bank A/c (7600 × 30) Dr To Share First Call a/c [Being first call money received]	2,28,000	2,28,000
7	Share Final Call A/c (8000 × 20) Dr To Share Capital A/c [Being final call money due]	1,60,000	1,60,000
8	Bank A/c (7600 × 20) Dr To Share final call A/c [Being final call money received]	1,52,000	1,52,000

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9	Share Capital A/c (400 × 100) <span style="float: right;">Dr</span> To share first call A/c To share final call A/c To Discount in issue of Shares A/c (400×10) To Forfeited Shares A/c [Being 400 shares of ₹ 100 each for feited on non-payment ₹ 8 call money]	40,000	12,000 8,000 4,000 16,000
10	Bank A/c (400 × 80) <span style="float: right;">Dr</span> Forfeited Shares A/c (400 × 20) <span style="float: right;">Dr</span> To Share Capital A/c [Being amount received on re-issue of forfeited shares]	32,000 8,000	40,000
11	Forfeited Shares A/c <span style="float: right;">Dr</span> To Capital Reserve A/c [Being profit on forfeiture transferred]	8,000	8,000
		16,00,000	16,00,000

22. Working Notes

**Note No.1 - Cost of Goods Sold**

Opening Stock	30,000
Add: Purchases	1,20,000
Carriage & Freight	3,500
Wages	2,400
Customs Duty	3,000
	1,58,900
Less: Closing Stock	56,000
Cost of Goods sold	1,02,900

**Note No:2 - Cash Operating Expenses [Net]**

Salaries	6,500
Rent, Rates & Insurance	4,000
Bad-debts	4,000
Advertisement	3,600
	18,100



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**Less: Operating Incomes:**

Discount	(2,000)
Cash Operating expenses	16,100

**Note : 3 : Interest on Borrowings:**

O/S Interest on Debentures	4,800
	4,800

**Note : 4 : Appropriations:**

Interim Dividend	12,000
Final Dividend	8,000
CDT (20000 × 16.2225%)	3,245
Total Appropriations	23,245

**Note : 5 : Share Capital :**

1,00,000

**Note : 6 : Reserves and surplus:**

Reserve fund	18,000
Surplus	11,455
	29,455

**Note : 7 : Non-current liabilities:**

Secured Loans:	
12% Debentures	40,000
Unsecured Loans	Nil
	40,000

**Note : 8 : Fixed Assets**

	Buildings	Machinery	Furniture	Goodwill	Total
Gross Block	50,000	40,000	10,000	25,000	1,25,000
Less: Depn & Amorzization	-	6,000	-	2,500	8,500
Net Block	50,000	34,000	10,000	22,500	1,16,500

**Note : 9 : Current Assets, Loans & Advances**

Debtors	20,000
Closing Stock	56,000
Cash @ Bank	12,000
	88,000

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**Note : 10 : Current Liabilities & Provisions:**

Creditors	16,000
Bills Payable	8,000
Debenture Interest Due	4,800
Final Dividend	8,000
CDT	3,245
Provision for TAX	10,000
Total CL & Provn	50,045

**Note No : 11 : Miscellaneous Expenditure : NIL**

**Good Luck Comapny Ltd**

Income Statement for the year ending 31.3.2014

Particulars	Note No.	₹	₹
Revenue [Net Sales]			1,60,000
<b>Less: Cost of Goods Sold</b>	1		1,02,900
Gross Profit			57,100
<b>Less : Cash operating expenses</b>	2		16,100
EBITDA			41,000
<b>Less: Depreciation and Amortization</b>	8		8,500
EBIT			32,500
<b>Less: Non-Operating Expenses:</b>			
Interest on Borrowing	3		4,800
EBT			27,700
<b>Less: Tax</b>			10,000
EAT			17,700
<b>Less : Appropriations</b>	4		23,245
Retained Earnings			-5545
<b>Add: Opening balance of P &amp; L a/c</b>			17,000
Surplus			11,455

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Balance Sheet as at 31.3.2014

Particulars	Note No.	₹	₹
<b>Sources of Funds</b>			
<b>1. Shareholders fund:</b>			
(a) Share capital	5		1,00,000
(b) Reserves & Surplus	6		29,455
			1,29,455
<b>2. Non-Current Liabilities</b>			
(a) Secured loans			40,000
(b) Unsecured loans	-		-
Total Liabilities			1,69,455
<b>Application of funds</b>			
1. Fixed Assets	8		1,16,500
2. Investments	-		15,000
3. Current Assets, loans & Advances	9	88,000	
4. Current Liabilities & provision	10	50,045	37,955
5. Miscellaneous expenditure	11		Nil
Total Assets			1,69,455

**Working Note:** 5 + Income statements 5 + position statements 4 = 14 marks.

**23. (i) Gross Profit Ratio**

$$G/P \text{ Ratio} = \frac{\text{Gross Profit}}{\text{Sales}} \times 100 = \frac{3,80,000}{8,00,000} \times 100 = 47.5\% \quad 2$$

**(ii) Net profit Ratio**

$$N/P \text{ Ratio} = \frac{\text{Net Profit}}{\text{Sales}} \times 100 = \frac{1,00,000}{8,00,000} \times 100 = 12.5\% \quad 2$$

**(iii) Current Ratio**

$$C.R = \frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{3,60,000}{4,20,000} = 0.85 : 1$$

$$C.A = \text{Cash} + \text{Stock} + \text{Debtors} \quad 4$$

$$= 40,000 + 1,20,000 + 2,00,000 = 3,60,000$$

$$CL = \text{Creditors} + B/P + BOD$$

$$= 2,50,000 + 70,000 + 1,00,000 = 4,20,000$$

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**(iv) Liquid Ratio**

$$L.R = \frac{\text{Liquid Assets}}{\text{Current Liabilities}} = \frac{2,40,000}{4,20,000} = 0.57 : 1 \quad 2$$

$$LA = CA - \text{Stock} = 3,60,000 - 1,20,000 = 2,40,000$$

**(v) Stock Turnover Ratio:**

$$STR = \frac{\text{Cost of Goods Sold}}{\text{Average Stock}} = \frac{4,20,000}{1,10,000} = 3.81 \text{ times.} \quad 4$$

$$COGS = \text{Sales} - G/P = 8,00,000 - 3,80,000 = 4,20,000$$

$$\begin{aligned} \text{Average stock} &= \frac{\text{Opening Stock} + \text{Closing Stock}}{2} \\ &= \frac{1,00,000 + 1,20,000}{2} = 1,10,000 \end{aligned}$$

24.

**Mercury Sport Club Madikeri**

Income and Expenditure Account for the year ending 31.3.2014

Dr.	₹	Cr.	₹
<b>Expenditure</b>		<b>Incomes</b>	
To Rent: 6,200		By Subscriptions: 28,000	
(+) O/S Rent (Cy) 1,500		(+) Adv subs in	
7,700		last year 2,000	
(-) O/S Rent (Ly) (1,000)	6,700	(+) O/S subs. in	
To magazines & news		current year 6,500	
papers 3,800		36,500	
" Sundry expenses 3,000		(-) O/S subs in	
" Depreciation :		Las year (5,000)	
sports equipment		(-) Adv. Subs. for	
(30,000 + 20,000) × 10% 5,000	5,000	Next year (4,000)	27,500
" Sale of Old news paper		By Entrance fees 4,500	
Furniture 1,200		" Interest 1,000	
" Excess of income		2,000	
over expenditure 15,300	15,300		
	<b>35,000</b>		<b>35,000</b>

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Balance Sheet as at 31.3.2014

Liabilities	₹	₹	Assets	₹	₹
Rent due		1,500	Cash in hand		22,000
Subscriptiton for 2014-15		4,000	O/S subscriptions		6,500
Tournament fund :	20,000		Sports equipment	30,000	
(-) Tour. Expenses	12,000	8,000	(+) Additions	20,000	
<b>Capital Fund:</b>				50,000	
OP balance	97,000		(-) Depn	5,000	45,000
<b>Add:</b> Donations	15,000		Furniture	12,000	
½ entrance fees	4,500		(-) Depn	1,200	10,800
Surplus	15,300	1,31,800	Investments		16,000
			Buildings		45,000
		<b>1,45,300</b>			<b>1,45,300</b>

**SECTION - D**

25. **Dr.** **Machinery A/c** **Cr.**

Date	Particulars	₹	Date	Particulars	₹
1.4.2010	To Bank A/c	50,000	31.3.2011	By Depreciation A/c	5,000
			31.3.2011	By Balance C/d	45,000
		50,000			50,000
1.4.2011	To Balance B/d	45,000	31.3.2012	By Depreciation A/c	5,000
			31.3.2012	By balance C/d	40,000
		45,000			45,000

26. **Dr.** **Partners' Current A/c** **Cr**

Particulars	A	B	Particulars	A	B
To drawings	4000	3000	By Balance B/d	10,000	8000
To Interest on drawing	500	300	By Interest on capitl	300	2000
To Balance C/d	12500	9700	By P/L Appropriation A/c	4000	3000
	17000	13000		17000	13000
			By Balance b/d	12500	9700

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27. Comparative Income Statement of the year ended 31.3.2012 and 2013

<b>Particulars</b>	<b>2012 ₹</b>	<b>2013 ₹</b>	<b>Absolute increase (+) or Decrease (-)</b>	<b>Percentage in crores or Decrease</b>
Net Sales	6,00,000	9,00,000	3,00,000	50%
Less: Cost of Goods sold	4,00,000	6,00,000	2,00,000	50%
Gross profit (A)	2,00,000	3,00,000	1,00,000	50%
Less: Operating Expenses	50,000	60,000	10,000	20%
Operating profit	1,50,000	2,40,000	90,000	40%
Less: Non operating expenses	30,000	40,000	10,000	33.33%
Net Profit before tax	1,20,000	2,00,000	80,000	66.66%
Less: Income tax	40,000	60,000	20,000	50%
Net profit after tax	80,000	1,40,000	60,000	75%

\* \* \* \*