

## MODEL QUESTION PAPER - 5

Second Year PUC

### ACCOUNTANCY (30)

Time : 3.15 hrs.

Max Marks : 100

#### SECTION - A

**I. Answer any seven questions, each carrying two marks:** **7 × 2 = 14**

1. State any two types of Reserves.
2. Mention any two circumstances of changing capital balance under fixed capital method.
3. Name two methods of valuation of Goodwill.
4. Give Journal entry for payment made immediately to the retiring partner.
5. What is dissolution of partnership?
6. What do you mean by position statement?
7. When can shares be forfeited?
8. List the two types of Financial Statement Analysis.
9. How do you treat prizes paid when prize fund given?
10. Mention any two models of database management system. .

#### SECTION - B

**II. Answer any four questions, Each carrying five marks.** **4 × 5 = 20**

11. Ravi and Raju are partners sharing profits in the ratio of 3 : 2 with capital of Rs. 80,000 and Rs. 60,000 respectively. Raju withdrew as shown below.  
on 30.06.2013 ₹ 6000  
on 01.09.2013 ₹ 5,000  
on 01.11.2013 ₹ 4,000  
on 01.03.2014 ₹ 1,000  
Calculate interest on drawings of Raju at 6% p.a. under specific method for the year ending 31.3.2014.
12. Vajra and Vani are partners sharing profits and losses in the ratio of 3 : 2. They admit Rani into the partnership and offer her 1/5th share, which she acquires in the ratio of 3 : 1 from the old partners. Calculate the new profit sharing ratio.
13. Pinki, Rinki, and Dinki were partners in a firm, sharing profits and losses in the ratio of 2 : 2 : 1. The balance sheet of the firm as on 31.3.2014 was as under.

**PUE**

<b>Liabilities</b>	<b>₹</b>	<b>Assets</b>	<b>₹</b>
Bills payable	16,000	Cash in hand	15,000
Creditors	19,000	Stock in trade	10,000
<b>Capitals:</b>		Bills receivable	25,000
Pinki	40,000	Computer	30,000
Rinki	35,000	Furniture	15,000
Dinki	20,000	Fixtures & fittings	25,000
		P & L A/c	10,000
	1,30,000		1,30,000

Dinki: died on 30th June 2014. His excutors were entitled for the following:

- (a) His capital as on the date of death.
- (b) His shaer in the profit and loss account
- (c) Interest on capital is to be allowed at 10% p.a.
- (d) His hare of profit up to the date of his death calculated on the basis of previous year's profit..

The profit of the firm for the current year estimated at ₹ 20,000.

Prepare Dinki's executors account

14. Vajreshwari: Co. Ltd. issued 10,000 6% debentures of ₹100 each at a discount of 10% payable ₹ 20 on application ₹ 20 on allotment and 50 on first and final call. Pass Journal entries upto allotment money received.
15. Compute stock turnover ratio from the following information:  
 Net Sales : ₹1,00,000  
 Gros profit : ₹ 25,000  
 Closing stocks : ₹ 30,000  
 Excess of closing stock over opening stocks ₹10,000.
16. From the following particulars prepare the receipts and payments account of the Gangavathi club for the year ending 31.03.2014.  
 Cash balance on 01.04.2013 ₹ 5,000 subscription received ₹ 8000, Library books purchased ₹ 6,000, paid for news paper and Journal ₹ 500, paid for Printing and Stationary ₹ 1,000, paid for rent ₹ 4,000, Received entrance fees ₹ 3,000, proceeds form lecturers and concerts ₹4,000, paid for lecturers and concerts ₹ 2,000 paid electricity charges ₹ 300.
17. Explain the Five qualittites of information.

**PUE**

<b>SECTION - C</b>
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**III. Answer any four questions each carrying fourteen marks: 4 × 14 = 56**

18. On 01.04.2010 a firm purchased a Machinery for ₹ 28,000 and spent ₹ 2,000 for its installation on 01.10.2012. It sold a part of the machinery costing ₹12,000 for ₹ 8,800, on the same day, new machinery was bought for ₹ 15,000. The firm charges depreciation at 10 p.a on diminishing balance method, on 31st March every year.

Show Machinery A/c and Depreciation A/c for 4 years.

19. X, Y and Z are partnersh sharing profit and losses in the ratio of 2 : 3 : 5 respectively. On 31.03.2012. Their Balance Sheet was as under.

Liabiliteis	₹	₹	Assets	₹	₹
Creditors		38,000	Bank		45,000
Bills payable		35,000	Debtors	40,000	
Reserve		30,000	Less: Provision	5,000	35,000
Capitals:			Stock		25,000
X	80,000		Furniture		28,000
Y	70,000		Motor car		20,000
Z	60,000	2,10,000	Machinery		55,000
			Buildings		80,000
			Profit and Loss A/c		25,000
		3,13,000			3,13,000

On the above date, X retired on the following conditions:

- (a) Depreciate Machinery, Furniture and Motor car at 10% each
- (b) Appreciate Stock and Buildings by 5% each
- (c) Maintain provision for bad debts at 20%
- (d) Outstandings salaries ₹ 3000
- (e) Goodwill of the firm is valued at ₹ 40,000 X's share of goodwill is to be created and written off immediately.
- (f) Remaining partners decided to pay the X's dues by availing bank over draft.

Prepare :

(1) Revaluation A/c (2) Capital A/c s of partners and (3) Balance sheet of the new firm.

20. A, B and C were partners in a firm, sharing profits and losses in the ratio of 2 : 2 : 1. Their Balance Sheet on the date of dissolution was as follows:

PUE

Balance Sheet as on 31.03.2014

Liabilities	₹	Assets	₹
Creditors	30,000	Cash at Bank	6,000
Bills payable	20,000	Debtors	30,000
C's Loan	8,000	Stock	30,000
General Reserve	10,000	Furniture	22,000
Capitals:		Machinery	20,000
A	40,000	Buildings	50,000
B	30,000		
C	20,000		
	1,58,000		1,58,000

- (a) The assets realised as follows:  
Debtors realised 10% less than the book value. The stock realised 15% more than the book value and building realised at ₹ 60,000.
- (b) The furniture was taken over by 'A' at ₹. 20,000.
- (c) The Machinery was taken over by 'B' at ₹ 15,000.
- (d) Creditors and bills payable were paid off at a discount of 5%.
- (e) Cost of dissolution amounted to ₹ 1500

Prepare:

(1) Realisation A/c (2) Partners capital A/cs and (3) Bank A/c.

21. Krishna Trading Company Limited issued 10,000 equity shares at ₹ 10 each at a premium of ₹ 2 per share. The amount was payable as follows:

₹ 2 on application

₹ 5 on allotment including premium

₹ 3 on first call and

₹ 2 on final call

All the shares were subscribed and the money duly received except the final call on 1000 shares, the directors forfeited these shares and re-issued them as fully paid up at ₹8 per share.

Pass the Journal Entries in the books of the company.

**PUE**

22. The following is the trial balance of Rachana company Ltd. Bangalore.

Trial Balance as at 31.03.2014

Particulars	Debit ₹	Credit ₹
Share capital (10,000 shares of Rs. 10 each)	-	1,00,000
Opening stocks	14,000	-
Purchases	1,55,000	-
Purchase returns	-	3,000
Sales	-	2,40,000
Sales returns	5,000	-
Wages	15,000	-
Salaries	19,200	-
Postage	3,800	-
Commission received	-	3,300
Rent	9,500	-
Investments	15,000	-
Goodwill	40,000	-
Buildings	85,000	-
Machinery	30,000	-
Furniture	16,000	-
Bills receivable and payable	12,000	17,000
Debtors, Creditors	24,000	15,200
Reserve fund	-	70,000
Profit and loss app. account	-	12,000
Cash at bank	17,000	-
	4,60,500	4,60,500

**Adjustments:**

1. Closing stock ₹ 25,000.
2. Depreciate machinery and furniture by 10% each.
3. Proposed dividend ₹ 20,000.
4. Outstanding salary ₹ 2,000.
5. Transfer to reserve fund ₹ 20,000.

Prepare Income statement and position statement for the year ended 31.3.2014



**PUE**

Adjustments:

1. Subscription outstanding ₹ 5000
2. Salary prepaid ₹ 3000
3. Capitalise 50% of entrance fee and 50% of Donations
4. Depreciate Buildings by 10% p.a.

Prepare: (a) Income and Expenditure a/c for the year ended 31.03.2014

(b) Balance sheet as on 31.03.2014.

**SECTION - D**

**(Practical Oriented Questions)**

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

25. Prepare profit and loss appropriation account of a firm with five imaginary figures.
26. Write the pro-forma of vertical Balance sheet of a joint stock company with appropriate heads.
27. Prepare the comparative income statement of two years with five imaginary figures.

\* \* \* \*

**SCHEME OF VALUATION - 5**

**ACCOUNTACY (30)**

**Time : 3 : 15 hrs.**

**Max. Marks : 100**

**SECTION - A**

- |     |  |    |
|-----|--|----|
| 1.  | (a) Revenue Reserves (b) Capital Reserves or any two   | 02 |
| 2.  | (a) When additional capital introduced   |    |
|     | (b) When withdrawal made from capital  | 02 |
| 3.  | (a) Average profit method  |    |
|     | (b) Super profit method  |    |
|     | (c) Capitalisation method  | 02 |
| 4.  | Retiring partner's capital A/c Dr<br>To cash / Bank A/c<br>(Being retiring partner due paid)   | 02 |
| 5.  | Dissolution of partnershi firm means, all the partner's of the firm cut off their connections with the firm and the business of the firm is closed down. | 02 |
| 6.  | Position statement is a statement of sources and applications of funds of a company  | 02 |
| 7.  | For non payment of allotment money or call money or both by a share holder   | 02 |
| 8.  | (a) Comparative statements   |    |
|     | (b) Common size statements or any two  | 02 |
| 9.  | Prizes paid are deducted from prize fund   | 02 |
| 10. | Network data base, Relational data base or any   | 02 |

**SECTION - B**

11. Calculation of interest on drawings of Raju

$$\text{Interest on drawings} = \text{Amount of drawings} \times \text{Rate} \times \frac{\text{O/S months}}{12} \quad 01$$

**PUE**

$$1. 6,000 \times \frac{6}{100} \times \frac{9}{12} = 270 \quad 01$$

$$2. 5000 \times \frac{6}{100} \times \frac{7}{12} = 175 \quad 01$$

$$3. 3000 \times \frac{6}{100} \times \frac{5}{12} = 100 \quad 01$$

$$4. 1000 \times \frac{6}{100} \times \frac{1}{12} = 02 \quad 01$$

$$\text{Total} \quad \underline{\quad \quad \quad} = \underline{550}$$

∴ Total drawings of Raju = 550

12. Calculation of new profit sharing ratio of Vajra, Vani and Rani

New share = Old share – Share sacrificed

∴ Share sacrificed = Sacrifice ratio × New partner share 01

$$\text{Share by Vajra} = \frac{3}{4} \times \frac{1}{5} = \frac{3}{20}$$

$$\text{Share by Vani} = \frac{1}{4} \times \frac{1}{5} = \frac{1}{20} \quad 01$$

$$\text{New share of Vajra} = \frac{3}{5} - \frac{3}{20} = \frac{12-3}{20} = \frac{9}{20} \quad 01$$

$$\text{New share of Vani} = \frac{2}{5} - \frac{1}{20} = \frac{8-1}{20} = \frac{7}{20} \quad 01$$

$$\text{New share of Rani} = \frac{1}{5} = \frac{4}{20}$$

∴ New ratio =  $\frac{9}{20} : \frac{7}{20} : \frac{4}{20}$  or 9 : 7 : 4 01

**PUE**

13. Dr. Dinku's Executors Account Cr.

Particulars	₹	Particulars	₹
To P/L A/c (loss) (10,000 × 1/15)	2,000	By Balance b/d	20,000
To Executors loan A/c	19,500	By Interest on capital	500
		$\left( 20,000 \times \frac{10}{100} \times \frac{3}{12} \right)$	
		By P/L suspense A/c	1,000
		$\left( 20,000 \times \frac{3}{12} \times \frac{1}{5} \right)$	
	21,500		21,500

14. Journal Entries

Date	Particulars	LF	Debit ₹	Credit ₹
1.	Bank A/c <span style="float: right;">Dr</span> To 6% Debenture application A/c (Being debenture application money received on 10,000 debentures at ₹. 20 each)		2,00,000	-
			-	2,00,000
2.	6% Debenture application A/c <span style="float: right;">Dr</span> To 6% Debentures A/c (Being debenture application money transferred to debentures A/c)		2,00,000	-
			-	2,00,000
3.	6% Debenture allotment A/c <span style="float: right;">Dr</span> Discount on issues of debenture A/c <span style="float: right;">Dr</span> To 6% Debenture A/c (Being allotment money due on 10,000 debentures at ₹ 20 each at a discount)		2,00,000	-
			1,00,000	-
			-	3,00,00
4.	Bank A/c <span style="float: right;">Dr</span> To 6% Debentures allotment A/c (Being the allotment money received)		2,00,000	-
			-	2,00,000

15. **Computation of stock turnover ratio:**

$$\text{S.T.R} = \frac{\text{Cost of goods sold}}{\text{Average stock}}$$

$$\text{Cost of goods sold} = \text{Sales} - \text{G.P} = 1,00,000 - 25,000 = 75,000$$

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$$\text{Average stock} = \frac{\text{Opening stock} + \text{Closing stock}}{2} = \frac{20,000 + 30,000}{2}$$

$$= \frac{50,000}{2} = 25,000$$

$$\therefore \text{S.T.R} = \frac{75,000}{25,000} = 3 \text{ times}$$

16. Receipts and payments A/c for the year ending 31.03.2014

	₹		₹
<b>Receipts</b>		<b>Payments</b>	
To Balance b/d	5,000	By Library books	6,000
To Subscription	8,000	By News paper & Journal	500
To Entrance fees	3,000	By Printing & stationery	1,000
To Proceeds from Lecturer & concert	4,000	By Rent	4,000
		By Lecturers & concerts	2,000
		By Electricity charges	300
		By Balance. c/d	6,200
	20,000		20,000

17. (a) Accurate: The data entered into the system must be correct and complete.  
 (b) Complete: The information should include all data which are relevant.  
 (c) Reliable: The information should not hide important information.  
 (d) Timely: Information should be made available as and when it is needed.  
 Up-to-date : Information should be upto date.

**Section - C**

18. Dr. Machinery A/c Cr.

Date	Particulars	₹	Date	Particulars	₹
1.4.10	To Bank A/c	30,000	31.3.11	By Depreciation A/c	3,000
	(28000 + 200)			$\left( 30,000 \times \frac{10}{100} \right)$	
			31.3.2011	By Balance c/d	27,000
		30,000			30,000

**PUE**

1.4.11	To Balance b/d	27,000	31.03.12	By Deprediciation A/c	2700
			31.3.12	By Balance c/d	24,300
		27,000			27,000
1.4.12	To Balance b/d	24,300	1.10.12	By Depreciation A/c	486
1.10.12	To Bank A/c	15,000		$\left(9720 \times \frac{10}{100} \times \frac{6}{12}\right)$	
			1.10.12	By Bank A/c	8,800
				(Sale of machinary)	
			1.10.12	By P & L A/c	434
				(Loss on sale)	
			31.3.13	By Depreciation A/c	2,208
				$\left(14580 \times \frac{10}{100} = 1458\right)$	
				$\left(15000 \times \frac{10}{100} \times \frac{6}{12} = 750\right)$	
			31.3.13	By Balance c/d	27,372
		39,300			39,300
1.4.13	To Balance b/d	27,372	31.3.14	By Depreciation A/c	2,737
				$\left(27372 \times \frac{10}{100}\right)$	
			31.3.14	By Balance c/d	24,635
		27,372			27,372
1.4.14	To Balance b/d	24,635			

Dr. Depreciation A/c Cr.

Date	Particulars	₹	Date	Particulars	₹
31.3.2011	To Machinery A/c	3,000	31.3.2011	By Profit & Loss A/c	3,000
		3,000			3,000
31.3.12	To Machinery A/c	2,700	31.3.12	By Profit & Loss A/c	2,700
		2,700			2,700
01.10.12	To Machinery A/c	486	31.3.13	By Profit & Loss A/c	2,694
31.3.13	To Machinery A/c (1458 + 750)	2,208			
		2,694			2,694

**PUE**

31.3.14	To Machinery A/c	2,737	31.3.14	By Profit & Loss A/c	2,737
		2,737			2,737

Calculation of profit or loss on sale of part of machinery.

Cost of the part of machinery sold (on 01.04.2010)		12,000
Less: Depreciation for First year	1,200	
Depreciation for second year	1,080	
Depreciation for six months	486	2,766
Cost of the Machinery on the date of sale		9,234
Less: Selling price		8,800
Loss on sale of machinery		434
(Marks: Machinery a/c 10, Depreciation A/c 4)		

19. Dr Revaluation A/c Cr.

Particulars	₹	Particulars	₹
To Machinery A/c	5,500	By Stock A/c	1,250
To Furniture A/c	2,800	By Buildings A/c	4,000
To Motor car A/c	2,000	By Partner's capital A/c (loss)	11,050
To Provision for bad debts A/c	3,000	X $11050 \times \frac{2}{10} = 2,210$	
To O/S salaries A/c	3,000	Y $11050 \times \frac{3}{10} = 3,315$	
		Z $11050 \times \frac{5}{10} = 5,525$	
	16,300		16,300

Dr Partner's Capital A/c Cr.

Particulars	X	Y	Z	Particulars	X	Y	Z
To Revaluation (loss)	2,210	3,315	5,525	By Balance b/d	80,000	70,000	60,000
To P & L a/c	5,000	7,500	12,500	By Reserve	6,000	9,000	15,000
To Goodwill a/c	-	3,000	5,000	By Goodwill	8,000	-	-
To Bank a/c (BOD)	86,790	-	-				
To Balance c/d	-	65,185	51,975				
	94,000	79,000	75,000		94,000	79,000	75,000
				By Balance b/d	-	65,185	51,975

**PUE**

Dr		Bank A/c		Cr	
Particulars	₹	Particulars	₹		
To Balance b/d	45,000	By X's capital A/c	86,700		
To Balance c/d	41,790				
	86,700		86,700		

Dr		Goodwill A/c		Cr	
Particulars	₹	Particulars	₹		
To X's capital A/c (old ratio)	8,000	By Y's capital A/c	3,000		
		By Z's capital A/c	5,000		
	8,000		8,000		

Balance sheet of Y and Z as on 31.03.2012

Liabilities	₹	₹	Assets	₹	₹
Creditors		38,000	Debtors	40,000	
Bills payable		35,000	Less: Provision	8000	32,000
Bank overdraft		41,790	(5000 + 300)		
Capitals:			Stock	25,000	
Y	65,185		Add: Appreciation	1,250	26,250
Z	51,975	1,17,160	Furniture	28,000	
Outstanding salaries		3,000	Less: Depreciation	2,800	25,200
			Motor car	20,000	
			Less: Depreciation	2,000	18,000
			Machinery	55,000	
			Less: Depreciation	5,500	49,500
			Buildings	80,000	
			Add: Appreciation	4,000	84,000
		2,34,950			2,34,950

(Marks: 2 + 2 + 2 + 2 + 1 + 1 + 4 = 14)

20. Dr		Realisation A/c		Cr	
Particulars	₹	Particulars	₹		
To Debtors A/c	30,000	By Creditors A/c	30,000		
To Stock A/c	30,000	By Bills payable A/c	20,000		
To Furniture A/c	22,000	By Bank A/c			
To Machinery A/c	20,000	Debtors	27,000		



**PUE**

21. Journal Entries in the books of Krishna Trading Co. Ltd.

<b>Date</b>	<b>Particulars</b>	<b>LF</b>	<b>Debit ₹</b>	<b>Credit ₹</b>
1.	Bank A/c Dr To Equity Share application A/c (Being application money received on 10,000 shares of ₹ 2 per share)		20,000	- 20,000
2.	Equity share application A/c Dr To Equity share capital A/c (Being application money transferred to share capital A/c)		20,000	20,000
3.	E share allotment A/c (10000 × 5) Dr To Equity share capital A/c (10,000 × 3) To Securities premium A/c (10,000 × 2) (Being allotment due including premium)		50,000	30,000 20,000
4.	Bank A/c Dr To Equity share allotment A/c (Being allotment money received)		50,000	50,000
5.	Equity share first call A/c Dr To Equity shares capital A/c (Being: First call money due on 10,000 shares at ₹ 3 per share)		30,000	30,000
6.	Bank A/c Dr To Equity share first call A/c (Being first call money received on 10,000 shares at ₹ 3 per share)		30,000	30,000
7.	Equity share final call A/c Dr To Equity share capital A/c (Being: Final call money due on 10,000 shares at ₹ 2 per share)		20,000	20,000
8.	Bank A/c Dr To Equity share final call A/c (Being: Final call money received on 9000 shares at ₹ 2 per share)		18,000	18,000

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9.	Equity share capital A/c (1000 × 10)      Dr To Forfeited shares A/c (1000 × 8) To Equity shares final call A/c (1000 × 2) (Being: Forfeiture of 1000 share for the non payment of final call)		10,000	8,000 2,000
10.	Bank A/c (1000 × 8)      Dr Forfeited shares A/c      Dr To Equity shares capital A/c (Being: Re-issue of 100 forfeited shares at ₹ 8 fully paid up)		8,000 2,000	10,000
11.	Forfeited shares A/c      Dr To Capital Reserve A/c (Being: Profit in Forfeited shares accounts in respect of re-issued (8000 – 2000) transferred to capital reserve A/c)		6,000	6,000

$$1 + 1 + 2 + 1 + 1 + 1 + 1 + 1 + 2 + 2 + 1 = 14$$

22. Working notes:

Notes: 1 Cost of goods sold	₹	₹
Opening stocks		14,000
Add: Purchases	1,55,000	
Less: Returns	2,000	1,52,000
Wages		15,000
		1,81,000
Less: Closing stock		25,000
		1,56,000
Note: 2 Operating expenses and losses		
Salaries	19,200	
Add: Outstanding salaries	2,000	21,200
Postage		3,800
Rent		9,500
Less: Operating income		34,500
commission received		3,300
		31,200
Note: 3 Interest on borrowings		Nil

**PUE**

Note: 4 Dividend and appropriations					
Proposed dividend				20,000	
Corporated dividend tax $20,000 \times 16.225\%$				3,245	
Transfer to reserve fund				20,000	
				43,245	
Note : 5 Share capital					
Share capital 10,000 shares of Rs. 10 each				1,00,000	
Note: 6 Reserves and surplus					
Reserve fund		70,000			
Add transfer to reserve fund		<u>20,000</u>		90,000	
Surplus				11,955	
				1,01,955	
Note: 7 Secured loans					
				Nil	
Note: 8 Fixed assets					
	Goodwill	Buildings	Machinery	Furniture	Total
Gross block	40,000	85,000	30,000	16,000	1,71,000
– Depreciation	-	-	3,000	1,600	4,600
Net block	40,000	85,000	27,000	14,400	1,66,400
Notes: 9 Current assets loan and advances					
Bills receivable				12,000	
Debtors				24,000	
Cash at bank				17,000	
Closing stock				25,000	
				78,000	
Note: 10 Current liabilities and provisions					
Bills payable				17,000	
Creditors				15,200	
Outstanding salary				2,000	
Corporated dividend tax				3,245	
Proposed dividend				20,000	
				57,445	
Note: 11 Miscellaneous expenses					
				Nil	

**PUE**

Income statement of Rachana company Ltd for the year ended 31.03.2014

Particulars	Note No.	Amount ₹
Sales		2,40,000
– Sales returns		5,000
Less cost of goods sold	1	1,56,000
Gross profit		79,000
Less: Operating expenses (net)	2	31,200
EBITDA		47,800
Less: Depreciation	8	4,600
EBIT		43,200
Less: Interest on borrowing	3	-
EAT		43,200
Less: Dividend and appropriation	4	43,245
Balance		– 45
Add: Opening balance of P & L app. A/c		12,000
Surplus transfer to balance sheet		11,955

Position statement of Rachana Company Ltd as on 31.3.2014

Particulars	Note No.	₹
Share holders fund		
Share capital	5	1,00,000
Reserves and surplus	6	1,01,955
Non-current liabilities		
Secured loan	7	-
Unsecured loan		-
Total		2,01,955
<b>Assets</b>	<b>Note No.</b>	<b>₹</b>
Fixed assets	8	1,66,400
Investments	9	15,000
Current assets, loan and advances		78,000
Less: Current liabilities and provisions	10	20,555
Miscellaneous expenses	11	Nil
Total		2,01,955

**PUE**

23. Common size income statement for the year ending 31.3.2013 and 2014

Particulars	31.3.2012		31.3.2013	
	₹	%	₹	%
Sales	5,00,000	100	7,00,000	100
<b>Less:</b> Cost of goods sold	3,25,000	65	5,10,000	72.86
Gross profit (A)	1,75,000	35	1,90,000	27.14
Less: Operating expenses				
Office expenses	20,000	4	25,000	3.57
Selling expenses	30,000	6	45,000	6.43
Depreciation	4,000	0.8	3,000	0.43
Total operating expenses (B)	54,000	10.8	73,000	10.43
Operating profit (A – B)	1,21,000	24.2	1,17,000	16.71
Add: Operating income (miscellaneous income)	20,000	4	15,000	2.14
	1,41,000	28.2	1,32,000	18.86
Less: Non operating expenses	25,000	5	30,000	4.28
Profit before tax	1,16,000	23.2	1,02,000	14.58
Less: Income tax	20,000	4.0	18,000	2.58
Profit after tax	96,000	19.2	84,000	12.00

24. Rachana Education Trust, Bangalore

Dr. Income and Expenditure A/c for the year ending 31.03.2014 Cr.

Expenditure	₹	₹	Income	₹	₹
To office expense	22,000		By subscriptions	50,000	
– O/S office expenses (2012-13)	5,000	17,000	Add O/S- subscription	5,000	55,000
To Printing and stationary		600	By Entrance fee 50%		4,000
To Salary	25,000		By Donations		6,000
– Prepaid salary	3,000	22,000	By Interest		5,000
To Subscriptions to news paper		600			
To Dep-on Buildings		7,000			
To Surplus		22,800			
		70,000			70,000

**PUE**

Balance sheet as on 31.03.2014

<b>Liabilities</b>	₹	₹	<b>Assets</b>	₹	₹
Bank loan	35,000		Cash in hand		26,800
– Repaid	5,000	30,000	Furniture		25,000
<b>Capital fund</b>			Buildings	70,000	
Opening balance	1,20,000		– Depreciation.	7,000	63,000
Add: Entrance fee	4,000		Sports materials		20,000
Donations	6,000		Library book	30,000	
Surplus	22,800	1,52,800	Add: Purchase	10,000	40,000
			O/S subscriptions		5,000
			Prepaid salary		3,000
		1,82,800			1,82,800

**SECTION - D**

25. Profit and loss appropriation account for the year end 31.03.2014

Dr

Cr

<b>Particulars</b>	₹	<b>Particulars</b>	₹
<b>To interest on capital</b>		By profit & loss A/c	20,000
P - $20,000 \times \frac{10}{100}$	2,000	<b>By interest. on drawings</b>	
Q - $30,000 \times \frac{10}{100}$	3,000	P	400
To P's salary (5,000 × 12)	6,000	Q	600
<b>To Partners capital A/c</b>			
P = $10,000 \times \frac{1}{12} = 5,000$	10,000		
Q = $10,000 \times \frac{1}{12} = 5,000$	21,000		21,000

**PUE**

26. Balance sheet of ..... co. Ltd as on .....

<b>Sources of funds (liabilities)</b>	<b>Note</b>	<b>Amount</b>	<b>Amount</b>
	₹	₹	
<b>Share holders fund</b>			
Share capital	5	xx	
Reserves and surplus	6	xx	xx
<b>Non current liabilities</b>			
Secured loans	7	xx	
Unsecured loans	-	xx	xx
<b>Total</b>			xxx
<b>Application of funds (Assets)</b>	<b>Note No.</b>	₹	₹
Fixed assets	8		xx
Investments	-		xx
Current assets, loans and advances	9	xx	
Less: Current liabilities and provisions	10	xx	xx
Miscellaneous expenses	11		xx
<b>Total</b>			xxx

27. Comparative income statement for the year ended 31.3.2013 and 31.03.2014

<b>Particulars</b>	<b>31.3.13</b>	<b>31.3.14</b>	<b>Absolute increase or decrease</b>	<b>%age of Increase or decrease</b>
Net Sales	8,00,000	10,00,000	2,00,000	25%
Less: Cost of goods sold	5,00,000	6,00,000	1,00,000	20%
Gross profit	3,00,000	4,00,000	1,00,000	33.33%
Less: Operating expenses	1,00,000	1,20,000	20,000	20%
Add: Non-operating	2,00,000	2,80,000	80,000	40%
Income	3,000	5,000	2,000	66.66%
Net profit before tax	2,03,000	2,85,000	82,000	40.39

\* \* \*