

ACCOUNTANCY
PART – B (5 MARKS)
LESSON -1 FINAL ACCOUNTS

1. What are bad debts?
2. What are outstanding expenses?
3. What is meant by prepaid expenses?
4. What is an adjustment?
5. What is prepaid income?
6. What is income accrued?
7. Why the interest on capital should debit in the profit & Loss A/c?
8. Give adjustment entry and transfer entry for interest on drawings Rs. 5,000.
9. Give adjustment entry and transfer entry for bad debts written off Rs. 5,000.
10. The following is the balance sheet as on 31.03.2008

Bank loan 10% (01.04. 2007) Rs. 4, 00,000
Interest paid Rs. 14,000

Provide outstanding interest on loan. Give entry.

11. Give adjustment entry and transfer entry for interest on Capital Rs. 6,000.
12. Give adjustment entry and transfer entry for Depreciation on Machinery charged at 10% of Rs. 25,000.

LESSON – 2 SINGLE ENTRY SYSTEM

13. Define Single entry system.
14. What is Conversion method?
15. What is Statement of affairs?
16. What are the disadvantages of Single entry system?
17. Find missing Figures.

Opening Capital	Rs. 24, 000
Profit	Rs. 9, 000
Additional Capital	Rs. 12, 000
Closing Capital	Rs. 39, 000
Drawings	?

18. Find missing Figures.

Closing Capital	Rs. 1, 60, 000
Additional Capital	Rs. 12, 000
Drawings	Rs. 25, 000
Loss	Rs. 10,000

19. From the following facts, find out profit or loss.

Opening capital	Rs. 1,40,000
Closing capital	Rs. 1,50,000
Additional capital	Rs. 35,000
Drawings	Rs. 10,000

LESSON – 3 DEPRECIATION ACCOUNTS

20. Define Depreciation?
21. What is straight line method of depreciation?
22. What is obsolescence?
23. What is scrap value or Residual value?
24. What is annuity method of depreciation?
25. What is revaluation method of depreciation?
26. Find the rate of depreciation on straight line method?

Machinery Purchased	Rs.2,30,000.
Installation Cost	Rs. 20,000
Estimated life	5 years
Scrap value	Rs.5,000

27. Find out Rate of depreciation

Machinery Purchased	Rs.5,00,000.
Residual value	Rs. 50,000
Estimated life	10 years

LESSON 4. RATIO ANALYSIS

QUESTIONS:

28. Define ratio.
29. What do you mean by current ratio?
30. Explain sales ratio.
31. What do you mean by external and internal ratio?
32. State Advantages of ratio analysis.
33. Explain about current assets and current liabilities.

PROBLEMS:

34. Find out the sales Ratio:

Sales	1020000
Creditors	25000
Equity share capital	150000
Reserves	25000
Sales return	20000

35. Find out the fixed assets sales ratio

Fixed assets	300000
Sales return	50000
Total sales	850000
Depreciation	100000

36. From the informations stated below find out the internal and external ratio

Equity share capital	400000
Debentures	200000
General reserve	200000
Long term loan	100000

LESSON-5. CASH BUDGET

QUESTIONS:

37. What do you mean by cash budget?
38. State the examples for cash receipts and cash payments

PROBLEMS:

39. January 2005

Opening cash balance	250000
Cash receipts	60000
Cash payment	30000

Calculate the Opening cash balance for the month of February 2005.

LESSON -6, 7 & 8. PARTNERSHIP ACCOUNTS

QUESTIONS:

40. Define the term fixed capital
41. State the definition for partnership.
42. Define goodwill.
43. What do you mean by the term surplus?
44. State the procedure for calculating goodwill.
45. Define capital reserve.

PROBLEMS:

46. Calculate the valuation of goodwill based on four years average profit and three years of purchase:
2001 - 12000

2002 - 18000

2003 - 16000

2004 - 14000

47. Calculate the valuation of goodwill based on four years average profit and four years of purchase:

2005 - 4000

2006 - 9000

2007 - 8000 (loss)

2008 - 7000

48. Asha and Nisha both are equal partners in a partnership firm. Asha withdraws Rs.2000 at the beginning of every month for the whole year. Nisha withdraws Rs.1000 at the end of every month for the whole year. Calculate the interest on drawings @10%.

49. During 1.4.2010 Abi & Sibi invested capital of Rs.60000 & Rs.40000 respectively. Sebi withdraws Rs.5000 from his capital on 31.11.2011. calculate the interest on capital at 6% p.a.

50. Sheela and Neela are partners sharing profits in the ratio of 4:3. They admit kaveri for 1/6th share as new partner. Calculate new profit sharing ratio and sacrificing ratio of old partners.

51. Who is an incoming partner?

52. How will you calculate interest on capital and interest on drawings in partnership if there is no deed.

53. What is revaluation account?

LESSON-9. COMPANY ACCOUNTS

QUESTIONS:

54. What is prorata allotment?

55. What do you understand by calls-in-arrears?

56. What is meant by calls-in-advance?

57. What is meant by over subscription?

58. What is forfeiture of shares?

59. Write notes on reissue of forfeited shares?

PROBLEMS:

60. global traders Ltd. issued 10000 shares of Rs.100 each at discount of 10%. Pass journal entries

61. Kumar traders Ltd. issued 20000 shares of Rs.100 each at premium of 20%. Pass journal entries

62. A public Ltd.company issued 100000 shares of Rs.10 each at premium of Re.2 to the public. 110000 shares were subscribed by the public. All money due were Received. Pass journal entries

PART-C-(12 MARKS)

1. What are the reasons for providing depreciation?
2. What are the causes of depreciation?
3. What are different methods of providing depreciation?
4. What are the advantages and disadvantages of cash budget?
5. Enumerate the steps in the preparation of cash receipt in cash budget.
6. What are the differences between fixed capital account and fluctuating capital account?
7. Distinguish between sacrificing ratio and gaining ratio.
8. What are the factors affecting goodwill?
9. What are the Factors Determining the Amount of Depreciation?

10. Define partnership. Explain its features?

FINAL ACCOUNTS – COMPULSORY QUESTIONS

11. The Trial Balance shows on 31.3.2002, Sundry debtors Rs.1,25,000 adjustments:

1. Bad debts to be written off Rs.5,000.
2. Provide @ 5% Provision for bad and doubtful debts and
3. Provide @ 2% Provision for discount on debtors.

Pass entries and show how these items will appear in the Final accounts.

12. The Trial Balance shows on 31.3.2009, Sundry debtors Rs.2,60,000 adjustments:

1. Bad debts to be written off Rs.10,000.
2. Provide @ 5% Provision for bad and doubtful debts and
3. Provide @ 2% Provision for discount on debtors.

Pass adjustment entries and show how these items will appear in the Final accounts

13. The balances appear in Bharanidharans' books which are kept on single entry basis.

	1st April, 2000	31st March, 2001
	Rs.	Rs.
Furniture	2,000	2,000
Stock	5,000	6,000
Sundry Debtors	6,000	4,000
Cash	10,000	20,000
Sundry Creditors	2,000	3,500
Bills receivable	1,000	500
Loan (Dr)	—	1,000
Investment	—	4,000

His drawings during the year were Rs.2,000. Depreciate furniture by 10% and provide a reserve for bad and doubtful debts at 5% on Sundry debtors.

Prepare a statement showing profit for the year.

14. A trader has not kept proper books of accounts. His position as on 31.3.2003 and 31.3.2004 are as follows:

	31.3.2003	31.3.2004
	Rs.	Rs.
Cash at Bank	75,000	50,000
Cash in hand	5,000	10,000
Stock	5,00,000	3,25,000
Sundry Debtors	2,00,000	4,00,000
Furniture	50,000	50,000
Machinery	4,00,000	4,00,000
Sundry Creditors	6,00,000	7,00,000

During the year he introduced Rs.1,00,000 as additional capital and withdrew Rs.10,000 per month for domestic purpose. Depreciate furniture and machinery by 10% per year. Ascertain profit or loss for the year ended 31.3.2004.

15. Sakthi Ltd., purchased a Machinery on 1.4.2002 for Rs.2,00,000. After having used it for three years it was sold for Rs.1, 40,000. Depreciation is to be provided at the rate of 10% annually according to the Straight Line Method. The books are closed on 31st March every year.

Prepare Machinery account and Depreciation account for the first three years.

16. A Company purchased a Machinery for Rs.4,60,000 on 1st July 2001. It spent Rs.40,000 on the repairs and installed the machinery. Depreciation is written off at 10% p.a. on Diminishing Balance Method. On 31st October 2003, the machinery was found to be unsuitable and sold for Rs.4,10,000. Prepare Machinery

account and Depreciation account for three years assuming that the accounts are closed on 31st March every year.

17. From the following Balance sheet you required to calculate Debt-Equity ratio, Proprietary ratio, Current ratio, Fixed assets turnover ratio.

Balance Sheet as on 31.03.05

Liabilities	Rs.	Assets	Rs.
Share Capital	1,00,000	Fixed Assets	1,20,000
General Reserve	20,000	Current Assets	80,000
Debentures	30,000	Current liabilities	50,000
	2,00,000		2,00,000

Additional information: Credit sales during the year was Rs.4,80,000.

18) Find out the Liquidity ratio by using the following informations

Debtors	Rs 5,000
Cash in hand	Rs 4,000
Cash at bank	Rs 6,000
Short term investments	Rs 2,000
Prepaid expenses	Rs 1,000
Creditors	Rs 4,000
Bills payable	Rs 3,000
Outstanding expenses	Rs 250
Bills Receivable	Rs 3,000
Closing Stock	Rs 8,000

19) Prepare Capital a/c and Current a/c of Mr Rajini and Sajini by the following information

Particulars	Rajini (Rs)	Sajini Rs)
Capital on 1.4.03	1,00,000	60,000
Current a/c on 1.4.03	3,000 (Dr)	2,000(Cr)
Drawings on 2003-04	8,000	5,000
Interest on capital	5%	5%
Interest on drawings 5%	240	150
Share in Profit on 2003-04	12,000	10,000
Partners salary	4,000	--
Interest on Loan on Rajini	3,000	--

20) Prepare Profit & Loss account & Capital account

Mohan and Murugan are in partnership sharing Profits and losses in the ratio of 3:2. On 1.4.2003 their capitals Rs 1, 60,000, Rs 1, 20,000 respectively before its adjustments on 31st March 04. Net profit for the year ended Rs 60,000. Drawings for the year Rs 12,000 for Mohan and Rs 8,000 for Murugan respectively.

Interest on capital 5% p.a

Interest on drawings 6%p.a

Each of them received remuneration for Rs 10,000

Mohan received commission before adjusting 10% on commission on Net Profit.

21) Good Luck company Ltd directors are decided to issue shares at Rs 10 per share, 2,000 equity shares. 1st call Rs 3 and Final Call Rs 2 and fails to paid the directors are passed resolution for forfeiture. 1,000 of these shares subsequently reissued at Rs 8 per share fully paid up. Pass necessary journal entries for the above.

22) Meenakshi Ltd forfeited 1,000 equity shares of face of Rs 10 each, Rs 6 only called up. In this non payment of final call Rs 2 per share. The 600 shares were subsequently reissued @ Rs 7 fully paid up. Pass necessary journal entries, forfeiture a/c, Capital reserve.

PART-D LESSON -2 SINGLE ENTRY SYSTEM

- 1) You are required to prepare from the following information Trading, Profit & Loss a/c/ B/S as on 31st Mar 2007.

Particulars	31.3.2006	31.3.2007
Stock	50,000	20,000
Sundry Debtors	1, 25,000	1, 75,000
Cash	12,500	20,000
Furniture	5,000	5,000
Creditors	75,000	87,500
Other informations:		
Drawings Rs 20,000		
Discount Received Rs 7,500		
Discount allowed Rs 5,000		
Sundry expenses Rs 17,500		
Amount paid to creditors Rs 2, 25,000		
Amount received from Debtors Rs 2, 67,500		
Sales Returns Rs 7,500		
Purchase Returns Rs 2,500		
Cash sales Rs 2,500		

- 2) Mr. John started business on 1.4.2008 with the capital of Rs 2, 62,500. He purchased furniture at cost Rs 42,000. He borrowed loan from bank Rs 52,500. He drew Rs 75,600 for private use. From the following information are requested to prepare Trading, P&L a/c& B/S as on 31st Mar 2009.

Credit sales Rs 7, 00,000	Cash sales Rs 3, 50,000
Credit Purchase Rs 7, 87,500	Cash Purchase Rs 1, 40,000
Wages Rs 15, 750	Discount allowed rs 3,500
Salary Rs 17,500	Trading Expenses Rs 14,000
Advertisement Rs 17,500	Closing sundry Debtors Rs 2, 62,500
Closing Sundry Creditors Rs 1, 75,000	Closing Stock Rs 1, 22,500
Cash at the end Rs 1, 64,150	
Provide depreciation on furniture 10%.	

LESSON-1. FINAL ACCOUNTS

3. The following are the balances extracted from the books of Mrs.Suganthi as on 31st March, 2008.

Drawings 40,000
Capital 2,00,000
Cash at Bank 17,000
Sales 1,60,000
Cash in hand 60,000
Sundry Creditors 45,000
Wages 10,000
Purchases 20,000
Stock (31.03.03) 60,000
Buildings 1,00,000
Sundry debtors 44,000
Bills Receivable 29,000
Rent 4,500
Commission 2,500
General Expenses 8,000

Furniture 5,000
Suspense Account 5,000

Adjustments:

1. Closing Stock Rs.40,000 valued as on 31.03.08.
 2. Interest on Capital at 6% to be provided.
 3. Interest on Drawings at 5% to be provided.
 4. Depreciate buildings at the rate of 10% per annum.
 5. Write off Bad debts Rs.1,000.
- Prepare Trading and Profit & Loss Account and Balance Sheet as on 31st March 2008.

4. The following balances are extracted from the books of Thirumathi.Chitra as on 31st March 2009. Prepare Trading, Profit and Loss Account and the Balance Sheet.

Particulars

Capital- 1,20,000
General expenses- 16,500
Drawings- 16,000
Commission -11,000
Bank Overdraft -25,000
Cash in Hand- 2,500
Stock (1.4.2008)- 1,00,000
Furniture- 80,000
Purchases -3,00,000
Sales -5,00,000
Wages- 50,000
Insurance Premium- 1,000
Salaries- 15,000
Sundry Creditors- 50,000
Sundry Debtors- 1,50,000
Bills Payable -25,000

Adjustments:

1. Closing Stock Rs. 1,00,000
2. Outstanding wages Rs.2000.
3. Discount received Rs.1000.
4. Insurance prepaid for 3 months.
5. Depreciation 10%

LESSON-5. CASH BUDGET

5. From the following information, prepare a cash budget for April, May and June 2009.

Month	Credit Sales Rs.	Credit Purchases Rs.	Office Expenses Rs.
February	45,000	30,000	8,000
March	55,000	25,000	7,000
April	60,000	20,000	7,000
May	60,000	40,000	9,000
June	65,000	40,000	9,000

- 1) Opening cash balance Rs.5000.
- 2) Credit allowed by suppliers is two months.
- 3) Credit allowed to customers is one month.
- 4) Office expenses are payable in the same month
- 5) Dividend Rs.1000 is receivable in April.
- 6) Interest payable in May Rs.1,800.

6. From the following particulars prepare cash budget for the month of January to march for 2007

Month	Credit purchase	Credit sales	expenses
2006 November	200000	250000	50000
December	350000	300000	60000
2007 January	300000	450000	70000
February	400000	200000	80000
March	500000	350000	70000

Additional information:

1. Expected Cash balance on 1.1.2005 is Rs.75,000
2. Suppliers allowed a credit period of two months
3. A credit period of two months is allowed to customers
4. Lag in payment of expenses is one month.
5. In the month of February there is a sale of fixed assets for rs 95000

LESSON -7,8, PARTNERSHIP ACCOUNTS

7. sekar and suresh were partner s sharing profit and loss in the ratio of 3:2 their balance sheet as on 31.03.2004

Liabilities	Amount	Assets	Amount
Bills payable	75000	Cash	15000
Creditors	120000	Stock	30000
Loan	135000	Debtors	150000
General reserve	45000	Machinery	75000
Capital account		Buildings	450000
Sekar	300000		
Suresh	225000		
		Investments	100000
		Goodwill	80000
	900000		900000

They decided to admit mr sundar on april 1st 2004on the adjustments 1/5 share.

1. Sundar has to bring rs 150000 as capital
2. goodwill is estimated for rs 100000
3. write off depreciation on buildings -20000
4. writeoff rs 30000 for creditors

8. Ravi ,Venkat and Kumar are sharing profit and loss in the ratio of 3:2:1 balance sheet as on 31.03.2008.

Liabilities	Amount	Assets	Amount
Sundry creditors	90000	Bank balance	141000
Bills payable	30000	Sundry debtors	39000
General reserve	90000	Stock	90000
Capital			
Ravi	180000	Equipments	120000
Venkat	120000		
Kumar	90000		
		Land and buildings	210000
	600000		600000

Additional information:-

After the following adjustments mr. kumar retired on 01.04.08

1. Good will valued at rs 108000
2. Land and building appreciated to rs 30000
3. Write off rs 9000 as depreciation on equipments.
4. A provision of rs 12000 was made in respect of an outstanding bill for repairs.

Pay mr. kumar in one settlement immediately , prepare revaluation account, capital account, balance sheet of new partners.

LESSON-4 RATIO ANALYSIS

9. Find total profit ratio, net profit ratio, operating ratio and operating profit ratio. By the following information

Sales	200000
Office expenses	6000
Financial expenses	3000
Interest received	500
Total profit	80000
Sales expenses	4000
Loss on sale of machinery	400
Net profit	67100

10. From the following trail balance you required to prepare debtors turnover and creditors purchase, capital turnover and fixed assets turnover

Liabilities	Amt	Assets	amt
Share capital	400000	Land & building	300000
Reserves	240000	Equipment	160000
Creditors	260000	Stock	296000
6% debentures	60000	Debtors	142000
		Cash	62000
	960000		960000

Balance sheet as on 31 march 2004

Additional information:

Credit purchase rs.1040000

Credit sales rs.426000

LESSON-9 COMPANY ACCOUNTS

11. Global ltd issued 1000 shares @ of rs.100 including premium of rs.10 payment made as follows:

- On application rs .30
- On allotment rs.40 (premium)
- On first call rs.20
- On final call rs.20

9000 shares are subscribed from the public. All call moneys are received. Pass necessary journal entries, ledger accounts and balance sheet

12.Senthil ltd company issued 170000 shares rs .10 each issued at 10% discount amount are paid in the following terms

- On application rs .30
- On allotment rs.40 (after adjusted discount)
- First and final call rs.2

160000 shares applied by general public. All shares are allotted and received all money for shares. Pass necessary journal entries and ledger account and balance sheet

JAIRAM COLLEGE