

GOVERNMENT OF KARNATAKA
KARNATAKA STATE PRE-UNIVERSITY BOARD, BANGALORE

II PUC EXAMINATION - JULY 2017

SCHEME OF VALUATION

SUBJECT : ACCOUNTANCY

SUBJECT CODE : 30

Qn No.	Suggested Answer	Marks Allotted
SECTION-A		
1	a) Depreciation is the decrease or decline in the book value of fixed assets. b) It is the permanent, gradual and continuous decrease in the value of fixed asset. (or any other two points).	01 01
2	a) Name of the firm b) Names and addresses of the partners c) Nature of the business. d) Principal place of business (or any other four points)	½ Mark Each
3	Sacrifice ratio is the ratio in which the old partners sacrifice or surrender a part of their share of profit to the new partner on his admission. It is the excess of old share over new share.	02
4	Revaluation Account is closed by transferring the profit or loss on revaluation to the Capital accounts of all partners, including retiring partner in their old profit sharing ratio.	02
5	Realisation account is an account prepared at the time of dissolution of a firm to ascertain the profit or loss on the realisation of assets and payment of liabilities.	
6	a) Equity shares. b) Preference shares.	1+1
7	Interim dividend is the dividend declared by the directors of the company to its shareholders before finalising the accounts of a particular year.	02

- 8 a) To determine the profitability or earning capacity of the firm. 01
 b) To know the progress of the concern. 01
 (or any other two points)

9 When there is a Tournament Fund, tournament expenses should be deducted from it on the liability side of the Balance sheet. 02

- 10 a) Accurate - The data entered into the system must be correct and complete 01
 b) Complete - The information should include all data which are relevant. 01
 (or any other two points)

SECTION-B

Dr Profit and Loss Appropriation A/c Cr			
Particulars	₹	Particulars	₹
To Interest on Capital		By Profit & Loss A/c	24000
Pramod .. 4800		By Interest on Drawings	
Praveen .. 3600	8400	Pramod .. 1500	
To Salary - Praveen	5,000	Praveen .. 1000	2500
To Balance Net Profit transferred to Capital A/c	13,100		
Pramod .. 7860			
Praveen .. 5240			
	26,500		26,500

01 mark
Each point

12. Gain Ratio = New Share - Old Share

Vanitha's Gain = $\frac{1}{2} - \frac{3}{9} = \frac{9-6}{18} = \frac{3}{18}$ 01

Vani's Gain = $\frac{1}{2} - \frac{2}{9} = \frac{9-4}{18} = \frac{5}{18}$ 01 1/2

∴ Gain Ratio = 3:5 1 1/2

01

13. Dr Murali's Capital Account Cr

Particulars	₹	Particulars	₹
To Murali's Executors Loan A/c ...	67800	By Balance b/d	40,000
		By General Reserve (5000 × $\frac{2}{5}$)	2000
		By Goodwill A/c (48000 × $\frac{2}{5}$)	19200
		By P&L Suspense A/c (24000 × $\frac{2}{5} \times \frac{6}{12}$)	4800
		By Interest on Capital (40000 × $\frac{9}{100} \times \frac{6}{12}$)	1800
	67800		67800

01 mark
Each point

14. Journal Entries in the books of Red-Jio Co. Ltd.

Date	Particulars	₹	Dr	Cr	
1	Bank A/c Dr To 6% Debenture Application A/c (Being debenture application money received)	100,000		100,000	01
2	6% Debenture Application A/c ... Dr To 6% Debenture A/c (Being debenture application money transferred to Debenture A/c)	100,000		100,000	01
3.	6% Debenture Allotment A/c ... Dr To 6% Debenture A/c To Securities Premium A/c (Being allotment money due on debenture)	300,000		150,000 150,000	02

4	Bank Account - - - - - Dr	300,000		01
	To 6% debenture Allotment A/c (Being debenture allotment money received)		300,000	
	Total ..	800,000	800,000	

15. **Diamond Company Ltd.**
Trend Percentages (Base year 2012)

Year	Sales		Stock		Profit before tax	
	Amount	Trend%	Amount	Trend%	Amount	Trend%
2012	188,100	100	70,900	100	32,100	100
2013	234,000	124.40	78,100	110.15	43,500	135.51
2014	265,500	141.15	81,600	115.09	45,800	142.68
2015	302,100	160.60	94,400	133.15	52,700	164.17
2016	376,800	200.32	115,400	162.76	62,700	195.33

Each year 01 mark

16. **PUBLIC LIBRARY**
Balance Sheet as on 1.4.2015

Liabilities	₹	Assets	₹
Outstanding Expenses	2,000	Buildings	1,00,000
		Investments	25,000
Capital Fund - (Balancing figure)	1,58,000	Library Books	20,000
		Furniture	7,000
		Old Subscriptions	2,000
		Rent Receivables	1,000
		Cash in hand	500
		Cash at Bank	4,500
	1,60,000		1,60,000

1/2 mark
Each item

17. Stages of Data Processing cycle:

- a) Data collection
- b) Data Input
- c) Processing of Data.
- d) Data output
- e) Data storage.

3+2

(With brief explanation. Each point-one mark)

SECTION-C

18.

Dr

Machinery Account

Cr

Date	Particulars	₹	Date	Particulars	₹
1.4.12	To Bank A/c	40000	31.3.13	By Depreciation A/c	4000
			"	By Balance c/d	36000
		40000			40000
1.4.13	To Balance b/d	36000	31.3.14	By Depreciation A/c	4000
			"	By Balance c/d	32000
		36000			36000
1.4.14	To Balance b/d	32000	1.10.14	By Bank A/c (Sale)	34500
30.9.14	To Bank A/c	50000	"	By Depreciation A/c	2000
1-10-14	To Profit & Loss A/c (profit on sale)	4500	31.3.15	By Depreciation ($50000 \times \frac{10}{100} \times \frac{6}{12}$)	2500
			"	By Balance c/d	47500
		86500			86500
1.4.15	To Balance b/d	47500	31.3.16	By Depreciation A/c	5000
			"	By Balance c/d	42500
		47500			47500
1.4.16	To Balance b/d	42500			

02

02

05

2

Dr		Depreciation Account		Cr	
Date	Particulars	₹	Date	Particulars	₹
31.3.13	To Machinery A/c	4000	31.3.13	By Profit & Loss A/c	4000
		4000			4000
31.3.14	To Machinery A/c	4000	31.3.14	By Profit & Loss A/c	4000
		4000			4000
1.10.14	To Machinery A/c	2000	31.3.15	By Profit & Loss A/c	4500
31.3.15	To Machinery A/c	2500			4500
		4500			4500
31.3.16	To Machinery A/c	5000	31.3.16	By Profit & Loss A/c	5000
		5000			5000

03

Calculation of Profit or loss on Sale:

Cost of the asset sold on 1.4.12	40000
Less Depreciation upto the date of sale:	
In 2012-13	4000
In 2013-14	4000
In 2014-15 (6 months)	2000
Book Value on the date of sale	30000
Less Selling price	34500
Profit on sale	4500

19.

Dr		Revaluation Account		Cr	
Particulars	₹	Particulars	₹		
To Machinery A/c	4000	By Buildings	11000		
To Furniture	2000	By Investments	5000		
To Prov. for doubtful debts	1000				
To Old Salaries	1000				
To Revaluation Profit transferred to Capital A/c	8000				
Suri	4800				
Saahi	3200				
	16000				
					16000

03
marks

Dr Partners' Capital Accounts Cr							
Particulars	Suri	Sachi	Sanjay	Particulars	Suri	Sachi	Sanjay
To P&L A/c	3000	2000	-	By Balance b/d	60000	40000	-
To Cash A/c	6000	4000	-	" Revaluation Profit	4800	3200	-
To Balance c/d	76800	51200	30000	" Reserve Fund	15000	10000	-
				" Cash A/c	-	-	30000
				" Goodwill A/c	6000	4000	-
	85800	57200	30000		85800	57200	30000
				By Balance b/d	76800	51200	30000

05

Dr Cash Account Cr			
Particulars	₹	Particulars	₹
To Balance b/d	20000	By Suri's Capital A/c	6000
To Sanjay's Capital A/c	30000	By Sachi's Capital A/c	4000
To Goodwill A/c	10000	By Balance c/d	50000
	60000		60000
To Balance b/d	50000		

02

Balance sheet as on 1.4.2016

Liabilities	₹	Assets	₹
Sundry Creditors	50,000	Cash	50,000
Bills Payable	25,000	Stock	25,000
o/s Salaries	1,000	Debtors	20,000
Capitals:		less P.B.D	1,000
Suri	76,800	Furniture	20,000
Sachi	51,200	less Depreciation	2,000
Sanjay	30,000	Machinery	40,000
		less Depreciation	4,000
		Buildings	50,000
		Add Appreciation	11,000
		Investments	20,000
		Add Appreciation	5,000
	234,000		25,000
			234,000

04

Dr		Realisation Account		Cr
Particulars	₹	Particulars	₹	
To Bills Receivable	24,000	By Creditors A/c	60,000	
To Stock A/c	40,000	By Bills Payable	18,000	
To Debtors A/c	80,000	By Bank A/c:		
To Motor Car A/c	20,000	Stock ..	44,000	
To Investments A/c	30,000	Debtors	80,000	
To Furniture A/c	26,000	Machinery	66,000	
To Machinery A/c	60,000	B/R ..	20,000	
To Bank A/c:		Motor Car	14,800	224,800
Creditors	54,000	By A's Capital A/c	30,000	
Bills Payable	16,200	By B's Capital A/c	40,000	
O/S Liability	2,000			
	72,200			
To Bank (Expenses)	8,000			
To Realisation Profit transferred to Capital A/c	12,600			
A ..	6,300			
B ..	4,200			
C ..	2,100			
	372,800			372,800

07

Dr		Partners' Capital Account				Cr	
Particulars	A	B	C	Particulars	A	B	C
To P&L A/c	12,000	8,000	4,000	By Balance b/d	90,000	60,000	30,000
To Realisation	30,000	40,000	-	" Real. Profit	6,300	4,200	2,100
To Bank (b/f)	72,300	28,200	34,100	" Reserve Fund	18,000	12,000	6,000
	114,300	76,200	38,100		114,300	76,200	38,100

04

Dr		Bank Account		Cr
Particulars	₹	Particulars	₹	
To Balance b/d	30,000	By Realisation A/c	72,200	
To Realisation A/c	224,800	" Realisation A/c (Exp)	8,000	
		" A's Loan A/c	40,000	
		" A's Capital A/c	72,300	
		" B's Capital A/c	28,200	
		" C's Capital A/c	34,100	
	254,800			254,800

03

21. Journal Entries in the books of Mysore Sugar Co. Ltd.

Date	Particulars	Dr	Cr	
1	Bank A/c Dr To Share Application A/c (Being application money received on 10000 shares at Rs. 20)	200000 -	- 200000	01
2	Share Application A/c .. Dr To Share Capital A/c (Being application money transferred to Share Capital A/c)	200000 -	- 200000	01
3.	Share Allotment A/c .. Dr Discount on Issue of Share A/c Dr To Share Capital A/c (Being allotment money due)	350000 100000 -	- 450000	02
4.	Bank A/c Dr To Share Allotment A/c (Being allotment money received)	350000 -	- 350000	01
5	Share First Call A/c .. Dr To Share Capital A/c (Being first call money due)	250000 -	- 250000	01
6	Bank A/c Dr To Share First Call A/c (Being first call money received)	250000 -	- 250000	01
7	Share 2nd and Final Call A/c Dr To Share Capital A/c (Being final call money due)	100000	100000	01
8.	Bank A/c Dr To Share 2nd and Final Call A/c (Being final call money received on 9000 shares)	90000 -	- 90000	01

Date	Particulars	Dr	Cr		
9	Share Capital A/c (1000x100) Dr To Discount on issue of Shares A/c To Forfeited Shares A/c (1000x80) To Share Final call A/c (1000x10) (Being forfeiture of 1000 shares for non-payment of final call)	100,000	10,000 80,000 10,000		02
10	Bank A/c Dr Forfeited Shares A/c .. Dr To Share Capital A/c (Being re-issue of 1000 forfeiture shares)	70,000 30,000	100,000		02
11	Forfeited Shares A/c .. Dr To Capital Reserve A/c (Being balance in forfeited shares transferred to Capital Reserve A/c)	50,000	50,000		01

22.

Ganesh Trading Company Ltd.

Balance sheet as on 31.3.2016

Equity and liabilities	Notes	₹	
<u>Shareholders' Funds:</u>			
Share Capital	1	100,000	
Reserves and surplus	2	87,800	
<u>Non-current liabilities:</u>			
Long-term borrowings	3	50,000	
<u>Current liabilities:</u>			
Short-term borrowings	4	-	
Trade payables	-	15,000	
Other current liabilities	5	-	
Short-term provisions	6	16,700	02
Total ..		269,500	

<u>Assets:</u>	Notes	
Non-current Assets:		
Fixed Assets:	7	
Tangible assets		176,000
Intangible assets		-
Current Assets:		
Investments	-	-
Inventories	-	38,500
Trade Receivables	8	35,000
Cash and cash equivalents ..	9	20,000
Short-term loans and advances	10	-
Total	269,500

02

Ganesh Trading Company Ltd.

Statement of Profit and Loss for the year ended 31.3.16

Particulars	Notes	₹
<u>INCOME:</u>		
Revenue from operations ..	-	195,000
Less Returns		-
Revenue from Operations (Gross)		195,000
Less Excise duty		-
Revenue from Operations (Net) ..		195,000
Other Income		-
Total Revenue (A)		195,000
<u>EXPENSES:</u>		
Purchase of Stock in Trade	-	135,000
Changes in Inventories:		
Opening Inventories 25,500		
Less closing inventories 38,500	-	(13,000)
Employee Benefit Expenses ..	11	16,500
Finance Cost	12	6,000
Depreciation and Amortisation ..	13	4,000
Other Expenses	14	32,000
Total Expenses (B)		180,500

02

02

Profit Before Tax (A-B)	-	14,500
Less: Tax Expenses	-	5,000
Profit for the year (PAT)	-	9,500

01

Notes to Financial Statements

Note 1 - Share Capital

Particulars	No	₹
Equity shares of Rs. 10 each	-	100,000
Total	100,000

Note 2 - Reserves and surplus

Particulars	₹	₹
General Reserve	50,000	
Add Transferred from surplus ..	4,000	54,000
<u>Surplus: Opening Balance</u> ..	40,000	
Add surplus from P/L Statement	9,500	
Amount available for appropriation	49,500	
<u>Less: Appropriations:</u>		
Transfer to General Reserve - 4,000		
Proposed Dividend .. 10,000		
Dividend Distribution Tax (10,000 × $\frac{16.995}{100}$) 1,700	15,700	33,800
Total ..		87,800

Note 3 - Long-term Borrowings

Particulars	₹
12% Debentures	50,000
Total ..	50,000

Note 4 - Short-term Borrowings

Particulars	₹
Nil	Nil
Total	Nil

Note 5 - Other Current Liabilities

Particulars	₹
Nil	Nil
	Nil

Note 6 - Short Term Provisions

Particulars	₹
Provision for Taxation	5,000
Proposed Dividend	10,000
Dividend Distribution Tax	1,700
	16,700

Note 7 - Fixed Assets

Particulars	Gross Block	Depreciation	Net Block
Tangible Assets:			
Buildings	100,000	-	100,000
Machinery	80,000	4,000	76,000
Total (A)	180,000	4,000	176,000
Intangible Assets (B)	Nil	-	Nil
Grand Total (A+B)	180,000	4,000	176,000

Note 8 - Trade Receivables

Particulars	₹
Trade Receivables	35,000
Total ..	35,000

Note 9 - Cash and Cash Equivalents

Particulars	₹
Cash in hand	20,000
Total ..	20,000

Note 10 - Short Term Loans and Advances

Particulars	₹
- Nil -	Nil
Total ..	Nil

Note 11 - Employee Benefit Expenses

Particulars	₹
Salaries and Wages	16500
Total ..	16500

Note 12 - Finance Costs

Particulars	₹
Debenture Interest paid	6000
Total ..	6,000

Note 13 - Depreciation and Amortisation

Particulars	₹
Depreciation on Tangible Asset (Note. 7)	4000
Total ..	4000

Note 14 - Other Expenses

Particulars	₹
Carriage and Freight	4000
Administrative Expenses	13,500
Selling Expenses	14,500
Total ..	32,000

23.

$$1) \text{ Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$= \frac{200000}{260000} = 0.77 \text{ or } 0.77 : 1$$

$$\begin{aligned} \text{Current Assets} &= \text{Cash} + \text{Debtors} + \text{Stock} \\ &= 40000 + 100000 + 60000 = 200000 \\ \text{Current Liabilities} &= \text{Creditors} + \text{B/P} + \text{o/s Expenses} \\ &= 190000 + 60000 + 10000 = 260000 \end{aligned}$$

$$2) \text{ Quick Ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

$$= \frac{140000}{260000} = 0.54 \text{ or } 0.54 : 1$$

$$\begin{aligned} \text{Quick Assets} &= \text{Current Assets} - (\text{Stock} + \text{Prepaid Exp}) \\ &= 200000 - 60000 = 140,000 \end{aligned}$$

05

03

03

$$3) \text{ Stock Turnover Ratio} = \frac{\text{Cost of goods sold}}{\text{Average Inventory}}$$

$$= \frac{206000}{55,000} = \underline{\underline{3.75 \text{ times}}}$$

$$\text{Cost of goods sold} = \text{Sales} - \text{Gross Profit}$$

$$= 400000 - 194000 = 206000$$

$$\text{Average Inventory} = \frac{\text{Opening Stock} + \text{Closing Stock}}{2}$$

$$= \frac{50000 + 60000}{2} = 55,000$$

$$4) \text{ Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$$

$$= \frac{194000}{400000} \times 100 = \underline{\underline{48.5\%}}$$

$$5) \text{ Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net Sales}} \times 100$$

$$= \frac{140000}{400000} \times 100 = \underline{\underline{35\%}}$$

04

02

02

24.

Vinayaka library, Tumkur

Income & Expenditure A/c for the year ended 31.3.16

Expenditure		₹	Incomes		₹
To Rent ..	2400		By Subscriptions	12000	
Add o/s for 2015-16	300		Add o/s for 2015-16	400	
	<u>2700</u>			12400	
Len o/s 2014-15	200	2500	Less o/s for 2014-15	600	
To Printing ..	1200			11800	
To Office expenses	2800		Less Advance for 2016-17	800	11000
To Depr. on Books (1400+500)	1900		By Entrance fees (50%)	1000	
To Depr. on Furniture	400		By Sale of old newspaper	1000	
To Excess of Income over Expenditure (surplus)	6800		By Sundry Receipts	600	
			By Donations (50%)	2000	08
		15600			
					15600

Vinayaka Library, Tumkur

Balance Sheet as on 31.3.2016

Liabilities	₹	Assets	₹	₹
O/S Rent ..	300	Cash in Hand	2600
Subscription received in advance ..	800	Books ..	14000	
Capital Fund	23800	Add Purchase	10000	
Add Entrance fee	1000		24000	
" Donations	2000	Len depreciation	1900	22100
" Surplus -	6800	Furniture	8000	
	33600	Len Depreciation	400	7600
		Investments	..	2000
		O/S Subscription	400
	34700			34700

06

SECTION-D

(Practical Oriented Questions)

- 25.
- 1) Interest on Capital - Not Allowed.
 - 2) Interest on Drawings - Not charged.
 - 3) Interest on advanced loan - Minimum 6% interest per annum.
 - 4) Distribution of profits or losses - Equally.
 - 5) Salary to a partner - Not payable.

1 Mark each

26.

..... Company Ltd.

Balance Sheet as on 31.3.16.

Equity and Liabilities	Notes	₹
Shareholders' Fund:		
Share Capital	1	xx
Reserves and surplus	2	xx
Non-current Liabilities:		
Long-term Borrowings	3	xx

Current Liabilities:				
Short-term Borrowings		4	xx	03
Trade Payables		-	xx	
Other Current Liabilities		5	xx	
Short-term provisions		6	xx	
Total			xxx	
<u>Assets</u>				
Non-Current Assets:				
Fixed Assets		7	xx	02
Tangible Assets				
Intangible Assets				
Current Assets:				
Investments		-	xx	
Inventories		-	xx	
Trade Receivables		8	xx	
Cash and Cash Equivalents		9	xx	
Short-term loans and Advances		10	xx	
Total			xxx	
27.	1) X-Ray machine purchased by a hospital - Capital			1 Mark each
	2) Life membership Fees - Capital			
	3) Sale of Machinery - Capital			
	4) Subscription received from members - Revenue.			
	5) Amount spent for upkeep of ground - Revenue.			