Padasalai’s Telegram Groups!

- Padasalai's NEWS - Group
  https://t.me/joinchat/NIfCqVRBNj9hhV4wu6_NqA

- Padasalai's Channel - Group
  https://t.me/padasalaichannel

- Lesson Plan - Group
  https://t.me/joinchat/NIfCqVWwo5iL-21gpzrXLw

- 12th Standard - Group
  https://t.me/Padasalai_12th

- 11th Standard - Group
  https://t.me/Padasalai_11th

- 10th Standard - Group
  https://t.me/Padasalai_10th

- 9th Standard - Group
  https://t.me/Padasalai_9th

- 6th to 8th Standard - Group
  https://t.me/Padasalai_6to8

- 1st to 5th Standard - Group
  https://t.me/Padasalai_1to5

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- PGTRB - Group
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- TNPSC - Group
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XII
ACCOUNTANCY
MARKS : 100

MATCH THE CORRECT ANSWER

1. The excess of assets over liabilities is (a) Loss (b) Cash (c) Capital (d) Profit
   (a) Opening balances of bills payable (b) Closing balance of bills payable
   (c) Bills payable accepted during the year (d) Cash paid for bills payable

2. Which of the following items relating to bills payable is transferred to total creditors account?
   (a) Opening balances of bills payable (b) Closing balance of bills payable
   (c) Bills payable accepted during the year (d) Cash paid for bills payable

3. Which of the following statements is not true in relation to incomplete records? (a) It is an unscientific method of recording transactions
   (b) Records are maintained only for cash and personal accounts
   (c) It is suitable for all types of organizations. (d) Tax authorities do not accept

4. When capital in the beginning is ` 10,000, drawings during the year is ` 6,000, profit made during the year is ` 2,000 and the additional capital introduced is ` 3,000, find out the amount of capital at the end.
   (a) 9,000 (b) 11,000 (c) 21,000 (d) 3,000

5. Opening balance of debtors: ` 30,000, cash received: ` 1,00,000, credit sales: ` 90,000; closing balance of debtors is
   (a) ` 30,000 (b) ` 130,000 (c) ` 40,000 (d) ` 20,000

6. Income and expenditure account is a (a) Nominal A/c (b) Real A/c
   (c) Personal A/c (d) Representative personal account

7. Income and Expenditure Account is prepared to find out (a) Profit or loss
   (b) Cash and bank balance (c) Surplus or deficit (d) Financial position

8. Which of the following should not be recorded in the income and expenditure account? (a) Sale of old news papers (b) Loss on sale of asset
   (c) Honorarium paid to the secretary (d) Sale proceeds of furniture

9. Subscription due but not received for the current year is
   (a) Profit or loss (b) Records are maintained only for cash and personal accounts
   (c) Nominal A/c (d) Real A/c

10. Legacy is a (a) Revenue expenditure (b) Capital expenditure
    (c) Revenue receipt (d) Capital receipt

11. Donations received for a specific purpose is (a) Revenue receipt
    (b) Capital receipt (c) Revenue expenditure (d) Capital expenditure

12. Identify the incorrect pair
    (a) Goodwill under Average profit method - Average profit × Number of years of purchase
    (b) Goodwill under Super profit method - Super profit × Number of years of purchase
    (c) Goodwill under Annuity method - Average profit × Present value annuity factor
    (d) Goodwill under Weighted average - Weighted average profit × Number of years of profit method purchase

13. When the average profit is ` 25,000 and the normal profit is ` 15,000, super profit is (a) ` 25,000 (b) ` 5,000 (c) ` 10,000 (d) ` 15,000

14. Book profit of 2017 is ` 35,000; non-recurring income included in the profit is ` 1,000 and abnormal loss charged in the year 2017 was ` 2,000, then the adjusted profit is (a) ` 36,000 (b) ` 35,000 (c) ` 38,000 (d) ` 34,000

15. The total capitalised value of a business is ` 1,00,000; assets are ` 1,50,000 and liabilities are ` 80,000. The value of goodwill as per the capitalisation method will be (a) ` 40,000 (b) ` 70,000 (c) ` 1,00,000 (d) ` 30,000

16. At the time of retirement of a partner, determination of gaining ratio is required (a) To transfer revaluation profit or loss (b) To distribute accumulated profits and losses (c) To adjust goodwill (d) None of these

17. The final amount due to a retiring partner is not paid immediately, it is transferred to (a) Bank A/c (b) Retiring partner's capital A/c (c) Retiring partner's loan A/c (d) Other partners' capital A/c

18. ‘A’ was a partner in a partnership firm. He died on 31st March 2019. The final amount due to him is ` 25,000 which is not paid immediately. It will be transferred to (a) A’s capital account (b) A’s current account
   (c) A’s Executor account (d) A’s Executor loan account

19. A, B and C are partners sharing profits in the ratio of 2:2:1. On retirement of B, goodwill of the firm was valued as ` 30,000. Find the contribution of A and C to compensate B: (a) ` 20,000 and ` 10,000 (b) ` 8,000 and ` 4,000
    (c) ` 10,000 and ` 20,000 (d) ` 15,000 and ` 15,000

20. A, B and C are partners sharing profits in the ratio of 4:2:3. C retires. The new profit sharing ratio between A and B will be (a) 4:3 (b) 3:4 (c) 2:1 (d) 1:2

21. A preference share is one (i) which carries preferential right with respect to payment of dividend at fixed rate (ii) which carries preferential right with respect to repayment of capital on winding up (a) Only (i) is correct (b) Only (ii) is correct (c) Both (i) and (ii) are correct (d) Both (i) and (ii) are incorrect

22. That part of share capital which can be called up only on the winding up of a company is called (a) Authorised capital (b) Called up capital
    (c) Capital reserve (d) Reserve capital

23. At the time of forfeiture, share capital account is debited with (a) Face value (b) Nominal value (c) Paid up amount (d) Called up amount

24. After the forfeited shares are reissued, the balance in the forfeited shares account should be transferred to (a) General reserve account (b) Capital reserve account (c) Securities premium account (d) Surplus account

25. The amount received over and above the par value is credited to (a) Securities premium account (b) Calls in advance account
    (c) Share capital account (d) Forfeited shares account

26. Which of the following statement is false? (a) Issued capital can never be more than the authorised capital (b) In case of under subscription, issued capital will be less than the subscribed capital (c) Reserve capital can be called at the time of winding up (d) Paid up capital is part of called up capital

27. When shares are issued for purchase of assets, the amount should be credited to (a) Vendor’s A/c (b) Sundry assets A/c (c) Share capital A/c (d) Bank A/c

28. Match the pair and identify the correct option
    (1) Under subscription - (i) Amount prepaid for calls
    (2) Over subscription - (ii) Subscription above the offered shares
    (3) Calls in arrear - (iii) Subscription below the offered shares
    (4) Calls in advance - (iv) Amount unpaid on calls
    (a) (i) (ii) (iii) (iv) (b) (iv) (iii) (ii) (i) (c) (ii) (i) (iii) (d) (iv) (i) (ii) (iii)

29. If a share of ` 10 on which ` 8 has been paid up is forfeited. Minimum reissue price is (a) ` 10 per share (b) ` 8 per share (c) ` 5 per share (d) ` 2 per share
30. Supreme Ltd. forfeited 100 shares of ₹10 each for non-payment of final call of ₹2 per share. All these shares were re-issued at ₹9 per share. What amount will be transferred to capital reserve account? (a) ₹700 (b) ₹800 (c) ₹900 (d) ₹1,000

31. Which of the following statements is not true?
(a) Notes and schedules also form part of financial statements.
(b) The tools of financial statement analysis include common-size statement analysis.
(c) Trend analysis refers to the study of movement of figures for one year.
(d) The common-size statements show the relationship of various items with some common base, expressed as percentage of the common base.

32. Balance sheet provides information about the financial position of a business. Concern (a) Over a period of time (b) As on a particular date (c) For a period of time (d) For the accounting period.

33. Which of the following tools of financial statement analysis is suitable when data relating to several years are to be analyzed? (a) Cash flow statement (b) Common size statement (c) Comparative statement (d) Trend analysis.

34. The financial statements do not exhibit (a) Non-monetary data (b) Past data (c) Short-term data (d) Long-term data.

35. Which of the following is not a tool of financial statement analysis? (a) Trend analysis (b) Common size statement (c) Comparative statement (d) Standard costing.

36. The term ‘fund’ refers to (a) Current liabilities (b) Working capital (c) Fixed assets (d) Non-current assets.

37. Which of the following statements is not true? (a) All the limitations of financial statements are applicable to financial statement analysis also. (b) Financial statement analysis is only the means and not an end. (c) Expert knowledge is not required in analysing the financial statements. (d) Interpretation of the analysed data involves personal judgement.

38. A limited company’s sales have increased from ₹1,25,000 to ₹1,50,000. How does this appear in comparative income statement?
(a) +20% (b) +120% (c) -120% (d) -20%.

39. In a common-size balance sheet, if the percentage of non-current assets is 75%, what would be the percentage of current assets? (a) 175 (b) 125 (c) 25 (d) 100.

40. Expenses for a business for the first year were ₹80,000. In the second year, it was increased to ₹88,000. What is the trend percentage in the second year?
(a) 10% (b) 110% (c) 90% (d) 11%.

41. The mathematical expression that provides a measure of the relationship between two figures is called (a) Conclusion (b) Ratio (c) Model (d) Decision.

42. Current ratio indicates (a) Ability to meet short-term obligations (b) Efficiency of management (c) Profitability (d) Long-term solvency.

43. Current assets excluding inventory and prepaid expenses is called (a) Reserves (b) Tangible assets (c) Funds (d) Quick assets.

44. Debt equity ratio is a measure of (a) Short-term solvency (b) Long-term solvency (c) Profitability (d) Efficiency.

45. Match List I with List II and select the correct answer using the codes given below:

<table>
<thead>
<tr>
<th>List I</th>
<th>List II</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Current ratio</td>
<td>1. Liquidity</td>
</tr>
<tr>
<td>(ii) Net profit ratio</td>
<td>2. Efficiency</td>
</tr>
<tr>
<td>(iii) Debt-equity ratio</td>
<td>3. Long-term solvency</td>
</tr>
<tr>
<td>(iv) Inventory turnover ratio</td>
<td>4. Profitability</td>
</tr>
</tbody>
</table>

Codes: (a) 1 4 3 2 (b) 3 2 4 1 (c) 4 3 2 1 (d) 1 2 3 4.

46. To test the liquidity of a concern, which of the following ratios are useful?
(i) Quick ratio ii) Net profit ratio iii) Debt-equity ratio iv) Current ratio
Select the correct answer using the codes given below:
(a) i and ii (b) i and iv (c) i and iii (d) ii and iv.

47. Proportion of share holder’s funds to total assets is called (a) Proprietary ratio (b) Capital gearing ratio (c) Debt equity ratio (d) Current ratio.

48. Which one of the following is not correctly matched? (a) Liquid ratio – Proportion (b) Gross profit ratio – Percentage (c) Fixed assets turnover ratio – Percentage (d) Debt-equity ratio – Proportion.

49. Current liabilities ₹40,000; Current assets ₹1,00,000; Inventory ₹20,000. Quick ratio is (a) 1:1 (b) 2.5:1 (c) 2:1 (d) 1:2.

50. Cost of revenue from operations ₹3,00,000; Inventory in the beginning of the year ₹60,000; Inventory at the close of the year ₹40,000. Inventory turnover ratio is (a) 2 times (b) 3 times (c) 6 times (d) 8 times.

PART II

4X2=8

51. What are financial statements?
52. List the tools of financial statement analysis.
53. What is working capital?
54. When is trend analysis preferred to other tools?

PART III

3X4=12

55. ‘Financial statements are prepared based on the past data’. Explain how this is a limitation.
56. Write a short note on cash flow analysis.
57. Briefly explain any three limitations of financial statements.
58. Explain the steps involved in preparing comparative statement.
59. Explain the procedure for preparing common-size statement.

PART IV

6X5=30

60. From the following particulars, prepare comparative income statement of Abdul Co. Ltd.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from operations</td>
<td>3,00,000</td>
<td>3,60,000</td>
</tr>
<tr>
<td>Other income</td>
<td>1,00,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>2,00,000</td>
<td>1,80,000</td>
</tr>
<tr>
<td>Income tax</td>
<td>30%</td>
<td>30%</td>
</tr>
</tbody>
</table>

61. From the following particulars, prepare comparative income statement of Tharan Co. Ltd.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2016-17</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from operations</td>
<td>2,00,000</td>
<td>2,50,000</td>
</tr>
<tr>
<td>Other income</td>
<td>50,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>1,50,000</td>
<td>1,20,000</td>
</tr>
</tbody>
</table>

62. From the following particulars, prepare comparative income statement of Arul Ltd.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from operations</td>
<td>50,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Other income</td>
<td>10,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>40,000</td>
<td>50,000</td>
</tr>
</tbody>
</table>

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63. From the following particulars, prepare comparative statement of financial position of Kala Ltd.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>31st March, 2017</th>
<th>31st March, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>I EQUITY AND LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Shareholders’ Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Share capital</td>
<td>3,00,000</td>
<td>3,60,000</td>
</tr>
<tr>
<td>b) Reserves and surplus</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>2. Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>50,000</td>
<td>40,000</td>
</tr>
<tr>
<td>3. Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>20,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Total</td>
<td>4,20,000</td>
<td>4,62,000</td>
</tr>
</tbody>
</table>

64. From the following balance sheet of Chandra Ltd, prepare comparative balance sheet as on 31st March 2016 and 31st March 2017.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>31st March 2016</th>
<th>31st March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>I EQUITY AND LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ fund</td>
<td>1,00,000</td>
<td>2,60,000</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>50,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>25,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,75,000</td>
<td>3,50,000</td>
</tr>
<tr>
<td>II ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>1,00,000</td>
<td>2,00,000</td>
</tr>
<tr>
<td>Current assets</td>
<td>75,000</td>
<td>1,50,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,75,000</td>
<td>3,50,000</td>
</tr>
</tbody>
</table>

65. From the following particulars of Siva Ltd, prepare common size income statement for the years ended 31st March, 2016 and 31st March, 2017.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from operations</td>
<td>2,00,000</td>
<td>3,00,000</td>
</tr>
<tr>
<td>Other income</td>
<td>25,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>2,50,000</td>
<td>1,50,000</td>
</tr>
<tr>
<td>Income tax %</td>
<td>40</td>
<td>40</td>
</tr>
</tbody>
</table>

66. Prepare common-size income statement for the following particulars of Raja Ltd. For the year ended 31st March, 2017.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from operations</td>
<td>4,50,000</td>
</tr>
<tr>
<td>Other income</td>
<td>67,500</td>
</tr>
<tr>
<td>Expenses</td>
<td>1,35,000</td>
</tr>
</tbody>
</table>


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Send Your Questions & Answer Keys to our email id - padasalai.net@gmail.com