

12th Standard-Accountancy

TENTATIVE ANSWER KEY

S.No	Answer Key	Mark
PART – I		20 x 1 = 20
1.	c) Capital A/c	1
2.	b) liabilities	1
3.	c)total debtors Accounts	1
4.	b)Rs.1,00,000	1
5.	c)(1)- (iv) 2-(iii) 3(i) 4((ii)	1
6.	b) Decrease every year	1
7.	c)3000	1
8.	a)Times	1
9.	b) Rs.Rs.4,00,000	1
10.	b)cash payments	1
11.	a)1,25,00,000	1
12.	b)Average period method	1
13.	c)Two	1
14.	b)intangible	1
15.	a) Goodwill Accounts	1
16.	b)Gaining	1
17.	c)Profit	1
18.	c)5%	1
19.	b)10	1
20.	a)Memorandum of Association	1

PART – II

21.	Adjusting Entry:					2
	Date	Particulars	L. F.	Debit Rs.	Credit Rs.	
		Cash A/c Dr Stock A/c Dr To C's capital A/c (being assets & Liabilities brought into the business)		1,00,000 50,000	1,50,000	
22.	❖ “Efficiency of Management” If the management is capable , the firm will earn more profits and that will raise the firm’s value.					2
23.	❖ Residual Value It implies the value expected to be realized on its sale on the expiry of its useful life. This is otherwise known as scrap value or turn -in-value.					2
24.	Budget According to the Institute of Cost and Management Accountants, London, Budget is a financial and /or quantitative statement ,prepared and approved prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective”					2
25.	❖ Prepaid Expenses Expenses which have been paid in advance called as prepaid un expired)expenses.					2
26.	❖ Reserve capital A company can reserve part of its uncalled capital to be called up only at the time of winding up. A special resolution ha to be passed for that purpose. This is called reserve capital.					2
27.	Adjusting Entry:					1
	Date	Particulars	L,F	Debit Rs.	Credit Rs.	
		Bad debts A/c Dr To Sundry debtors A/c (Bad debts written off)		5,000	5,000	
	Transfer Entry					
	Date	Particulars	L.F	Debit Rs.	Credit Rs.	
		Profit & Loss A/c To Bad debts A/c (Bad debts transferred to Profit & Loss A/c)		5,000	5,000	1
28.	Total Creditors Account Cr.					2
	Particulars	Amount Rs.	Particulars	Amount Rs.		
	To Cash paid	40000	By Balance b/d	19000		
	To Balance c/d (Closing Balance)	30200	By Credit Purchases	51200		
	 70200 70200		

29.	Fixed assets turnover Ratio : $\frac{\text{—————}}{\text{—————}} = \text{—————} = 4 \text{ Times}$	2
30.	i) Revaluation method ii) Amount of depreciation = opening value - closing value $= 120000 - 80000$ $= \text{Rs.40000}$	2

SECTION – III

31.	calculation of Amount of depreciation: $\text{Amount of depreciation} = \frac{\text{Total cost — Scrap value}}{\text{Estimated Life}}$ $= \frac{50000 - 5000}{10}$ $= \frac{45000}{10}$ Amount of depreciation = 4500 calculation of Rate of depreciation: $\text{Rate of depreciation} = \frac{\text{Amount of depreciation}}{\text{original cost}} \times 100$ $= \frac{4500}{50,000} \times 100$ $= \text{Rs.9\%}$	3
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32.	Causes of Depreciation : <ul style="list-style-type: none"> ❖ Obsolescence : The old asset will become obsolete (useless) due to new inventions, improved techniques and technological advancement. ❖ Effluxion of time : When assets are exposed to forces of nature, like weather, wind, rain, etc., the value of such assets may decrease even if they are not put into any use. ❖ Time Factor : Lease, copy-right, patents are acquired for a fixed period of time. On the expiry of the fixed period of time, the assets cease to exist. 	1 1 1
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33.	<p align="center">Profit & Loss Account</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Particulars</th> <th style="width: 15%;">Amount Rs.</th> <th style="width: 30%;">Particulars</th> <th style="width: 25%;">Amount Rs.</th> </tr> </thead> <tbody> <tr> <td>To Insurance premium A/c</td> <td align="right">40000</td> <td></td> <td></td> </tr> <tr> <td>Less: Prepaid</td> <td align="right">5000</td> <td></td> <td></td> </tr> <tr> <td></td> <td align="right">35000</td> <td></td> <td></td> </tr> </tbody> </table> <p align="center">Balance Sheet</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Liabilities</th> <th style="width: 10%;">Rs.</th> <th style="width: 40%;">Assets</th> <th style="width: 10%;">Rs.</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>Prepaid Insurance premium</td> <td align="right">5000</td> </tr> </tbody> </table>	Particulars	Amount Rs.	Particulars	Amount Rs.	To Insurance premium A/c	40000			Less: Prepaid	5000				35000			Liabilities	Rs.	Assets	Rs.			Prepaid Insurance premium	5000	3
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34.	<p align="center">Statement of Profit or loss</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Particulars</th> <th style="width: 40%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Closing Capital</td> <td align="right">6000</td> </tr> <tr> <td>Add: Drawings</td> <td align="right">1200</td> </tr> <tr> <td></td> <td align="right">7200</td> </tr> <tr> <td>Less : Additional capital</td> <td align="right">2000</td> </tr> <tr> <td>Adjusted closing capital</td> <td align="right">5200</td> </tr> <tr> <td>Less : Opening capital</td> <td align="right">2700</td> </tr> <tr> <td>Profit</td> <td align="right">2500</td> </tr> </tbody> </table>	Particulars	Amount	Closing Capital	6000	Add: Drawings	1200		7200	Less : Additional capital	2000	Adjusted closing capital	5200	Less : Opening capital	2700	Profit	2500	3
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Profit	2500																	

35.	<p>Under product method:</p> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:25%;">Date of drawings</td> <td style="width:25%;">Amount drawn Rs.</td> <td style="width:15%;">Period</td> <td style="width:35%;">Product Rs</td> </tr> <tr> <td>1.5.14</td> <td>2000</td> <td>11</td> <td>22000</td> </tr> <tr> <td>31.10.14</td> <td>3000</td> <td>5</td> <td>15000</td> </tr> <tr> <td>30.11.14</td> <td>5000</td> <td>4</td> <td>20000</td> </tr> <tr> <td></td> <td></td> <td></td> <td align="right">..... 57000</td> </tr> </table> <p align="center">Interest on drawing= Total drawing xrate/100x1/12 $=57000 \times \frac{10}{100} \times \frac{1}{12}$ = Rs.475</p>	Date of drawings	Amount drawn Rs.	Period	Product Rs	1.5.14	2000	11	22000	31.10.14	3000	5	15000	30.11.14	5000	4	20000			 57000	3
Date of drawings	Amount drawn Rs.	Period	Product Rs																			
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36.	<p align="center">Journal Entry</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:15%;">Date</th> <th style="width:40%;">Particulars</th> <th style="width:10%;">L.F.</th> <th style="width:15%;">Debit Rs.</th> <th style="width:20%;">Credit Rs.</th> </tr> </thead> <tbody> <tr> <td>1,20,000 x 2</td> <td>Bank A/c Dr To Share application A/c (being share application money received)</td> <td></td> <td align="right">2,40,000</td> <td align="right">2,40,000</td> </tr> <tr> <td>1,00,000 x 2</td> <td>Share application A/c Dr To Share capital A/c (being share application transfer)</td> <td></td> <td align="right">2,00,000</td> <td align="right">2,00,000</td> </tr> <tr> <td>20,000 x 2</td> <td>Share application A/c Dr To Bank A/c (being excess application money refunded)</td> <td></td> <td align="right">40,000</td> <td align="right">40,000</td> </tr> </tbody> </table>	Date	Particulars	L.F.	Debit Rs.	Credit Rs.	1,20,000 x 2	Bank A/c Dr To Share application A/c (being share application money received)		2,40,000	2,40,000	1,00,000 x 2	Share application A/c Dr To Share capital A/c (being share application transfer)		2,00,000	2,00,000	20,000 x 2	Share application A/c Dr To Bank A/c (being excess application money refunded)		40,000	40,000	3
Date	Particulars	L.F.	Debit Rs.	Credit Rs.																		
1,20,000 x 2	Bank A/c Dr To Share application A/c (being share application money received)		2,40,000	2,40,000																		
1,00,000 x 2	Share application A/c Dr To Share capital A/c (being share application transfer)		2,00,000	2,00,000																		
20,000 x 2	Share application A/c Dr To Bank A/c (being excess application money refunded)		40,000	40,000																		

37.	<p>Solution:</p> <p>Debt - Equity Ratio = _____</p> <p>Total long term debt = Debentures + Loans from Bank Main Exam = 2,00,000 + 1,00,000 = Rs. 3,00,000 = 1,25,000 + 25,000 = Rs. 1,50,000</p> <p>Shareholders funds = Equity Share Capital + Reserves</p> <p>Debt-Equity Ratio = 2:1</p>	3
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38.	<p align="center">Cash budget for the month of November 2016</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:70%;">Particulars</th> <th style="width:30%;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Opening cash balance</td> <td align="right">7,000</td> </tr> <tr> <td>Add: Estimated cash receipt</td> <td></td> </tr> <tr> <td> Cash sales</td> <td align="right">40,000</td> </tr> <tr> <td> Dividend received</td> <td align="right">5,000</td> </tr> <tr> <td>Less: Estimated cash payment</td> <td align="right">52,000</td> </tr> <tr> <td> Cash purchase</td> <td></td> </tr> <tr> <td></td> <td align="right">32,000</td> </tr> <tr> <td>Closing cash balance</td> <td align="right">20,000</td> </tr> </tbody> </table>	Particulars	Rs.	Opening cash balance	7,000	Add: Estimated cash receipt		Cash sales	40,000	Dividend received	5,000	Less: Estimated cash payment	52,000	Cash purchase			32,000	Closing cash balance	20,000	3
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	32,000																			
Closing cash balance	20,000																			

39.	<p align="center">Amali : Kamali :Kumuthini</p> <p>Old ratio = 4 : 3</p> <p>Old share = - : -</p> <p>New profit share ratio = — : — :—</p> <p>Sacrifice = - - - : - - -</p> <p>(Oldshare – New share)</p> <p align="center">= 1: 2</p>	3
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40.	<p>i) Is the calculated value of goodwill correct? No.</p> <p>ii) Calculation on Average profit: Average profit = Net profit - partners salary =27,000 – 4,000 = Rs.23,000</p> <p>iii)Calculation on Normal profit : =Capital profit X normal rate of return = 1,50,000 x — = Rs.15,000</p> <p>iii)Calculation of Super profit: =super profit - average profit =23,000 -15,000 = Rs.8,000</p> <p>iv) Calculation Good will: =Goodwill super profit x No.of years of purchase = 8,000 x 2 =Rs.16,000</p>	3
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SECTION – IV

Fluctuatiog capial method

Capital accounts

41. (a)	Date	Particular	Ramu	Somu	Da	Particular	Ramu	Somu	5
		To Drawing	6,000	4,000		By balance B/d	80,000	50,000	
		To Interest on Drawing	150	100		By Interest on Capital	4,800	3,000	
		To balance C/d	88,250	58,100		By Partner salary	Nil	2,000	
						By partner commission	1,600	1,200	
			94,400	62,200		By share of profit	8,000	6,000	
							94,400	62,200	
						By balance b/d	88,250	58,100	

(b)	Trading Profit & Loss A/c Mr. Ragu for the year end 31.03.13						5
	Particulars	Rs	Rs.	Particulars	Rs	Rs	
	To opening stock		5200	By sales		25000	
	To purchase		15000	By Closing stock		4900	
	To Gross Profit c/d (Transferred to profit and loss A/c)		9700				
			29900			29900	
	To salaries	2000		By Gross Profit b/d (Transferred from Trading A/c)		9700	
	Add: outstanding salary	300	2300				
	To Rent	1800					
	Less; prepaid Rend	200	1600				
To Net Profit c/d (Transferred to capital A/c)		5800					
		9700			9700		

Balance sheet of Mr. Murugan for the year ended 31.3.2013

Liabilities	Rs	Rs.	Assets	Rs	Rs
Capital	40000		Machinery		28000
Add : Net Profit	5800		Cash		6500
	45800		Debtors		2500
Less : Drawing	50000	40800	Prepaid Rent		200
			Closing stock		4900
Sundry creditors					
Outstanding salary		1000			
		300			
		42100			42100

42. (a)	Trading profit and loss account of Mr. Vijay as on 1st April 2014.				5
	Dr		Cr		
	Particulars	Rs.	Particulars	Rs.	
	To purchase	9,27,500	By sales	10,50,000	
	To Wages	15,750	By closing stock	1,22,500	
	To Gross profit c/d (Transferred to Profit and loss account)	2,29,250			
		11,72,500		11,72,500	
	To Miscellaneous expenses	35,000	By gross profit b/d	2,29,250	
	To Advertisement	17,500			
	To Net profit c/d (Transferred to balance sheet)	1,76,750			
	2,29,250		2,29,250		

Balance sheet of Mr. Vijay as on 31st March 2015.

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Sundry Creditors		1,75,000	Furniture		42,000
Loan		52,500	Sundry Debtors		2,62,500
Capital	2,62,500		Stock		1,22,500
Add net profit	1,76,750		Cash		1,64,150
	<u>4,39,250</u>				
Less Drawing	75,600	3,63,650			
		<u>5,91,150</u>			<u>5,91,150</u>

(b)

Current Ratio:
 Current Asset = 1,50,000
 Current Ratio = 2:1
 Current Liability = 75,000
 (i) Current Asset = 75,000 x 2 = **1,50,000**
 (ii) Liquid Ratio = Liquid asset / current liability
 Current liability = 1,50,000 – 50,000 + 5,000 = 95,000
 Liquid Ratio = 95,000 / 75,000
 Liquid Ratio = **1.2 : 1**
 (iii) Absolute liquid ratio = Absolute liquid asset / Absolute liquid liability
 = 50,000 / 25,000
 = **2 : 1**

5

43.

(a)

Cost Price	75,000
Less Depreciation 10%	7,500
	<u>67,500</u>
Less Depreciation 10%	7,500
	<u>60,500</u>
Less Depreciation 10%	7,500
Book value	52,500

Book value – selling price
 = 52,500 – 35,000

Loss = Rs 17,500

Dr

Machinery Account

Cr

Date	Particulars	Rs.	Date	Particulars	Rs.
1.4.12	Bank a/c	75,000	31.3.13	By Depreciation a/c	7,500
			31.3.13	By Balance c/d	67,500
		75000			75000
1.4.13	Balance b/d	67,500	31.3.14	By Depreciation a/c	7,500
			31.3.14	By Balance c/d	60,000
		67,500			67,500
1.4.14	Balance b/d	60,000	31.3.15	By Depreciation a/c	7,500
			31.3.15	By Profit and loss a/c	17,500
				By bank	35,000
		60,000			60,000

5

Dr		Depreciation Account				Cr	
Date	Particulars	Rs.	Date	Particulars	Rs.		
31.3.13	By Machinery a/c	7,500	31.3.13	By profit and loss a/c	7,500		
		7500			7500		
31.3.14	By Machinery a/c	7,500	31.3.14	By profit and loss a/c	7,500		
		7500			7500		
31.3.15	By Machinery a/c	7,500	31.3.15	By profit and loss a/c	7,500		
		7500			7500		

Particulars	L.F.No	Dr	Cr.
		Rs.	Rs
Goodwill account To Malar capital a/c To Kiruba capital a/c To Begam capital a/c (Goodwill created)	Dr	40,000	20,000 12,000 8,000
Goodwill account To Malar capital a/c To Kiruba capital a/c To Begam capital a/c (Goodwill Increased)	Dr	10,000	5,000 3,000 2,000
Malar capital a/c Kiruba capital a/c Begam capital a/c To Goodwill account (Goodwill Decreased)	Dr Dr Dr	5,000 3,000 2,000	10,000

44.	<p>(i) Calculation of net profit ratio : Net profit ratio = Net profit / sales X 100 = 26600/100000 x 100 Net profit ratio = 26.6%</p> <p>(ii) Calculation of Operating profit ratio : Operating profit ratio = Operating profit / Sales x 100 = 27000 =27000/100000 x 100 Operating profit ratio = 27%</p> <p>(iii) Calculation Operating ratio : Operating ratio = 100% - Operating profit ratio = 100% - 27% Operating ratio = 73%</p>	5
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(b)	<p>Journal Entry</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:45%;">Particulars</th> <th style="width:10%;">L.F.No</th> <th style="width:15%;">DrRs.</th> <th style="width:30%;">Cr. Rs</th> </tr> </thead> <tbody> <tr> <td>Share capital a/c dr</td> <td></td> <td align="right">1,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">To share forfeiture a/c</td> <td></td> <td></td> <td align="right">400</td> </tr> <tr> <td style="padding-left: 20px;">To Share First call a/c</td> <td></td> <td></td> <td align="right">300</td> </tr> <tr> <td style="padding-left: 20px;">To Share Final call a/c</td> <td></td> <td></td> <td align="right">300</td> </tr> <tr> <td colspan="4">(Being share forfeiture for the non-payment of first and final call)</td> </tr> <tr> <td>Bank a/c Dr</td> <td></td> <td align="right">300</td> <td></td> </tr> <tr> <td>Share forfeiture a/c Dr</td> <td></td> <td align="right">100</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">To share capital a/c</td> <td></td> <td></td> <td align="right">400</td> </tr> <tr> <td colspan="4">(Being shares were reissued)</td> </tr> <tr> <td>Share forfeiture a/c Dr</td> <td></td> <td align="right">60</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">To capital reserve a/c</td> <td></td> <td></td> <td align="right">60</td> </tr> <tr> <td colspan="4">(Being share forfeiture transferred to capital reserve a/c)</td> </tr> </tbody> </table>	Particulars	L.F.No	DrRs.	Cr. Rs	Share capital a/c dr		1,000		To share forfeiture a/c			400	To Share First call a/c			300	To Share Final call a/c			300	(Being share forfeiture for the non-payment of first and final call)				Bank a/c Dr		300		Share forfeiture a/c Dr		100		To share capital a/c			400	(Being shares were reissued)				Share forfeiture a/c Dr		60		To capital reserve a/c			60	(Being share forfeiture transferred to capital reserve a/c)				5
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45.	<p>Statement of affairs as on Miss. Vanitha 31.3.2014</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:15%;">Liabilities</th> <th style="width:10%;">Rs</th> <th style="width:10%;">Rs</th> <th style="width:15%;">Assets</th> <th style="width:10%;">Rs</th> <th style="width:10%;">Rs</th> </tr> </thead> <tbody> <tr> <td>creditors</td> <td></td> <td align="right">18,000</td> <td>Bank balance</td> <td></td> <td align="right">4,500</td> </tr> <tr> <td>Closing capital</td> <td></td> <td align="right">25,400</td> <td>stock</td> <td></td> <td align="right">4,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Debtors</td> <td></td> <td align="right">7,600</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Furniture</td> <td align="right">30,000</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Less: depreciation</td> <td align="right">3,000</td> <td align="right">27,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>cash</td> <td></td> <td align="right">300</td> </tr> <tr> <td></td> <td></td> <td align="right">43,400</td> <td></td> <td></td> <td align="right">43,400</td> </tr> </tbody> </table> <p align="center">statement of profit and loss for the year ended</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:60%;">Particulars</th> <th style="width:40%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Closing capital</td> <td align="right">25,400</td> </tr> <tr> <td>Add : Drawings</td> <td align="right">10,000</td> </tr> <tr> <td></td> <td align="right"><hr/>35,400</td> </tr> <tr> <td>Less : Additional capital</td> <td align="right">4,000</td> </tr> <tr> <td>Adjusted closing capital</td> <td align="right"><hr/>31,400</td> </tr> <tr> <td>Less: Opening capital</td> <td align="right">23,200</td> </tr> <tr> <td>Profit</td> <td align="right">8,200</td> </tr> </tbody> </table>	Liabilities	Rs	Rs	Assets	Rs	Rs	creditors		18,000	Bank balance		4,500	Closing capital		25,400	stock		4,000				Debtors		7,600				Furniture	30,000					Less: depreciation	3,000	27,000				cash		300			43,400			43,400	Particulars	Amount	Closing capital	25,400	Add : Drawings	10,000		<hr/> 35,400	Less : Additional capital	4,000	Adjusted closing capital	<hr/> 31,400	Less: Opening capital	23,200	Profit	8,200	5
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Closing capital	25,400																																																																	
Add : Drawings	10,000																																																																	
	<hr/> 35,400																																																																	
Less : Additional capital	4,000																																																																	
Adjusted closing capital	<hr/> 31,400																																																																	
Less: Opening capital	23,200																																																																	
Profit	8,200																																																																	

(b)	Revaluation A/c						5
	Particulars	Amount	Amount	Particulars	Amount	Amount	
	Stock A/c		3,000	Investment a/c		12,000	
	Furniture a/c		1,000	Revaluation loss:			
	Machinery a/c		5,000	Chitra capital a/c	600		
	Outstanding liability		4,000	Megala capital a/c	400	1000	
		13,000			13,000		

46. (a)	Cash budget for the month of October and November			5
	Particulars	October Rs.	November Rs.	
	Opening cash balance	3,000	2,000	
	Add: Estimated cash receipt :			
	Cash sales	12,000	14,000	
	Dividend Received	----	4,000	
	Assets sale	----	12,000	
	Total cash receipt available during the month (A)	15,000	32,000	
	Less : Estimated Cash payment:			
	Credit purchase	10,000	14,000	
Income tax	3,000	---		
Total cash payment available during the month (B)	13,000	14,000		
Closing cash balance(A-B)	2,000	18,000		

(b)	(i) Murugan's interest on capital :			5
	=	—	= Rs. 4,800	
	(ii) Gugan's interest on capital :			
	=	—		
	[1.4.14 to 30.9.14]	[30.9.14 to 31.3.14]		
	=1800+1560	= Rs.3360		
	(iii) Amalan's interest on capital :			
	=	—		
	[1.4.14 to 31.12.14]	[31.12.14 to 31.3.15]		
	=1800+780	= Rs.2580		

47. (a)	Extracted from the balance sheet of ----- limited as on -----						5
	Liabilities	Rs	Rs	Assets	Rs	Rs	
	Share capital:			(i)Current assets			
	(i) Authorised share capital :			Bank balance		80,000	
	50,000 share of Rs. 10 each		<u>5,00,000</u>	(ii) Miscellaneous expenditure:			
	(ii) Issued capital :			Discount on issue of shares		10,000	
	10,000 shares of Rs. 10 each		<u>1,00,000</u>				
	(iii) Subscribed capital						
	9,000 shares of Rs. 10 each		<u>90,000</u>				

	(iv) Called up capital 9,000 shares of Rs. 10 each		<u>90,000</u>			
	(v) Paid up capital : 9,000 shares of Rs. 10 each		90,000			
			90,000			90,000

(b)	Dr Profit and loss a/c for the year ended Cr					
	Particulars	Rs	Rs	Particulars	Rs	Rs
	Old bad debt	3,000		Provision for discount on debtors	2,000	
	Add: New bad debt	1,000		Less: 2% Discount on debtors	931	
		4,000		Less: Discount on debtors	1069	
	Add: 5% of bad and doubtful debts	2,450			1000	69
		6,450				
Less: Old bad and doubtful debts	5,000					
		1,450				