30. From the following details find out the rate of depreciation under straight line method:

- Cost of fixed assets: Rs. 10,000
- Residual value: Rs. 1,000
- Estimated life: 10 years

Amount of depreciation = \( \frac{\text{Cost of assets} - \text{scrap}}{\text{Estimated life}} \)

\[ \frac{10,000 - 1,000}{10} = 900 \]

Rate of depreciation = \( \frac{9,000}{10,000} \)

SECTION C (7 x 3 = 21 MARKS)

Note: a) Answer any seven questions including questions no. 31 which is compulsory.

a) All questions carry equal marks

b) Answer to theory questions should not exceed 150 words each.

31. From the following details find out capital turnover ratio:

Cash sales: 2,00,000
+2 Accountancy Question Paper

Credit sales = 1,75,000
Sales return = 25,000
Share capital = 1,00,000
Long term loan = 50,000
General reserve = 25,000

First capital turnover ratio = \frac{\text{sales}}{\text{Capital employed}}

= \frac{3,50,000}{1,75,000} = 2 \text{ times}

32. Mahalakshmi, Ashwini, Bakiyalakshmi had capitals of Rs. 6,000 rs.4,000 and Rs. 2,000 respectively on 1.4.2016. Ashwini withdraw Rs. 500 from his capital on 30.09.2016 Mahalakshmi introduced additional capital rs. 500 on 30.9. 2016. Calculate interest on capital at 6% for the year ending 31.03.2017.

Mahalakshmi : 6,000 \times \frac{6}{100} + 500 \times \frac{6}{100} \times \frac{3}{12} = 367.50
Ashwini : 4,000 \times \frac{6}{100} - 500 \times \frac{6}{100} \times \frac{6}{12} = 225.00
Bakiyalakshmi : 2,000 \times \frac{6}{100} = 120.00

33. Karthik and Niswin were partners in a firm sharing profit and loss in the ratio of 3:2 they admit Raju into the partnership to 1/3rd share, the old partners sacrificing

Equally calculate the new profit ratio and sacrifice ratio.

Karthik old share = 3/5
Niswin old share = 2/5
Raju new share = 1/3
Sacrificing ratio = 1:1
Karthik sacrifice = 1/2 \times 1/3 = 1/6
Niswin sacrifice = \frac{1}{3} \times 1/3 = 1/6
Rajunew share = old share sacrifice share
= 3/5 \times 1/6 = 13/30
Niswinnew share = 2/5 - 1/6 = 7/30
Rajunew share = 1/3 or 10/30
New ratio = 13:7:10
+2 Accountancy Question Paper

34. A ltd., issued 2000 shares of rs.100 each at discount of 10 % give journal entry.

<table>
<thead>
<tr>
<th>Journal entry</th>
<th>l.f</th>
<th>L.F</th>
<th>debit</th>
<th>credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank a/c dr</td>
<td></td>
<td></td>
<td>18,00,00</td>
<td></td>
</tr>
<tr>
<td>discount on share a/c dr</td>
<td></td>
<td></td>
<td>2,00,00</td>
<td></td>
</tr>
<tr>
<td>To equity share capital a/c</td>
<td></td>
<td></td>
<td>2,00,000</td>
<td></td>
</tr>
<tr>
<td>( 2000 shares issued at discount)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

35. What is cash budget ?And its advantages?

Cash budget is one of the most important budgets prepared by a business concern as every transaction directly or indirectly deals with cash. Advantages:

1. It helps in maintaining an adequate cash balance
2. It provide the following useful information to management
   a) To plan for financing those needs and
   b) To determine the future cash needs of a business concern
   c) To have control over cash balance of the business concern

36. What are the reasons for providing depreciation?

1. To ascertainment correct profit and loss for proper matching of cost with revenues it is necessary to charge depreciation against revenue in each accounting year, to calculate the correct net profit or net loss.
2. To present a true and fair view of the financial position:
   It the amount of depreciation is not provided on fixed assets in the books of account the value of fixed assets will be shown at a higher value than its real in the balance sheet.
3. To ascertain the real cost of production: for ascertain the real cost of production it is necessary to provide depreciation

37. What are the factors affecting the value of goodwill?

Goodwill relates to the profit earning capacity of the firm. Thus, the goodwill of a firm is affected by the following factors.

The factors are:

1. Quality: If the firm enjoys good reputation for the quality of its products, there will be a ready sale and the value of goodwill, therefore, will be high.
2. Location: If the business is located in a prominent place, its value will be more.
3. Efficient management: if the management is capable, the firm will earn more profits and that will raise the firm’s value.

4. Competition: When there is no competition or competition is negligible, the value of those businesses will be high.

5. Time: A business establishes reputation in course of time which is running for long period on profitable line.

6. Customers’ attitude: The type of customers which a firm has is important. If the firm has more customers, the value will be high.

38. From the following details calculate


<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>150,000</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>120,000</td>
</tr>
<tr>
<td>Opening stock</td>
<td>20,900</td>
</tr>
<tr>
<td>Closing stock</td>
<td>30,100</td>
</tr>
<tr>
<td>Debtors</td>
<td>10,500</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>1,500</td>
</tr>
</tbody>
</table>

Gross profit

\[
\text{Gross profit ratio} = \frac{\text{Gross profit}}{\text{Sales}} \times 100
\]

\[
\frac{30000}{1,50,000} \times 100 = 20\%
\]

Net profit

\[
\text{Net profit ratio} = \frac{\text{Net profit}}{\text{Sales}} \times 100
\]

\[
\frac{15,000}{1,50,000} \times 100 = 10\%
\]

Cost of goods sold

\[
\text{Stock turnover rate} = \frac{\text{Average stock}}{\text{Cost of goods sold}} = 4 \text{ times}
\]

\[
\frac{1,20,000}{30,000} = 4 \text{ times}
\]

TO BE CONTINUED (31.10.2018)