

Reg. No. :

Name :

**SECOND YEAR HIGHER SECONDARY EXAMINATION, MARCH 2020**

Part – III

**ACCOUNTANCY WITH ANALYSIS OF FINANCIAL STATEMENTS**

Maximum : 80 Scores

Time : 2½ Hours

Cool-off time : 15 Minutes

**General Instructions to Candidates :**

- There is a 'Cool-off time' of 15 minutes in addition to the writing time.
- Use the 'Cool-off time' to get familiar with questions and to plan your answers.
- Read questions carefully before answering.
- Read the instructions carefully.
- Calculations, figures and graphs should be shown in the answer sheet itself.
- Malayalam version of the questions is also provided.
- Give equations wherever necessary.
- Electronic devices except non-programmable calculators are not allowed in the Examination Hall.

**വിദ്യാർത്ഥികൾക്കുള്ള പൊതുനിർദ്ദേശങ്ങൾ :**

- നിർദ്ദിഷ്ട സമയത്തിന് പുറമെ 15 മിനിറ്റ് 'കൂൾ ഓഫ് ടൈം' ഉണ്ടായിരിക്കും.
- 'കൂൾ ഓഫ് ടൈം' ചോദ്യങ്ങൾ പരിചയപ്പെടാനും ഉത്തരങ്ങൾ ആസൂത്രണം ചെയ്യാനും ഉപയോഗിക്കുക.
- ഉത്തരങ്ങൾ എഴുതുന്നതിന് മുമ്പ് ചോദ്യങ്ങൾ ശ്രദ്ധാപൂർവ്വം വായിക്കണം.
- നിർദ്ദേശങ്ങൾ മുഴുവനും ശ്രദ്ധാപൂർവ്വം വായിക്കണം.
- കണക്ക് കൂട്ടലുകൾ, ചിത്രങ്ങൾ, ഗ്രാഫുകൾ, എന്നിവ ഉത്തരപേപ്പറിൽ തന്നെ ഉണ്ടായിരിക്കണം.
- ചോദ്യങ്ങൾ മലയാളത്തിലും നല്കിയിട്ടുണ്ട്.
- ആവശ്യമുള്ള സ്ഥലത്ത് സമവാക്യങ്ങൾ കൊടുക്കണം.
- പ്രോഗ്രാമുകൾ ചെയ്യാനാകാത്ത കാൽക്കുലേറ്ററുകൾ ഒഴികെയുള്ള ഒരു ഇലക്ട്രോണിക് ഉപകരണവും പരീക്ഷാഹാളിൽ ഉപയോഗിക്കുവാൻ പാടില്ല.

Answer all the questions from 1 to 5. Each carries 1 score.

(5 × 1 = 5)

1. Which of the following is not a characteristic of Not-for-profit Organisation ?
  - (a) Funds raised are credited to capital fund
  - (b) Excess of income over expenditure is distributed among the members.
  - (c) The activities are managed by Executive committee.
  - (d) They are organised as charitable trusts / societies.
  
2. When a new partner is admitted in a firm, he has to bring his share of goodwill to compensate the existing partners for loss of their share in \_\_\_\_\_.
  - (a) Average profit
  - (b) Last year's profit
  - (c) Super profit
  - (d) None of these
  
3. Partnership is an agreement between partners to share \_\_\_\_\_ of a business.
  - (a) Assets
  - (b) Liabilities
  - (c) Capital
  - (d) Profit / loss
  
4. At the time of dissolution of a firm, the amount realised from assets are utilised first to pay \_\_\_\_\_.
  - (a) Capital
  - (b) Partner's loan
  - (c) Outside Liabilities
  - (d) None of these
  
5. As per the provisions of the Partnership Act, the relieving partner is entitled to receive \_\_\_\_\_ of interest on the amount due to him till the date of payment.
  - (a) 6%
  - (b) 5%
  - (c) 10%
  - (d) 20%

Answer any 4 questions from 6 to 10. Each carries 2 scores.

(4 × 2 = 8)

6. Mrs. Bhanumathi, a partner in a firm decided to retire from the firm on 31<sup>st</sup> March, 2017. The amount due to her from the firm is estimated as ₹ 75,000. Pass journal entries if -
- (a) The amount is paid in cash immediately.
  - (b) ₹ 25,000 is paid in cash and balance treated as a loan.
7. Classify the following items into revenue receipts and capital receipts
- (a) Legacies
  - (b) Locker Rent
  - (c) Sale of old furniture
  - (d) Subscription
8. Nanda, a partner in a firm withdrew ₹ 5,000 per month during the year 2018 from her capital for domestic purpose. Calculate interest on drawings at 9% p.a., if the withdrawals are made at the end of each month.
9. Seena, Sofia and Shareeta are partners in a firm sharing profits in the ratio of 5 : 3 : 2. Sofia retires and her share is taken by Seena and Shareeta in the ratio of 2 : 1. Calculate the new profit sharing ratio.
10. Jithu and Muthu are partners in a firm sharing profits in the ratio of 3 : 2. On 20<sup>th</sup> June 2018, they admit Rithu as a new partner. On that date there was a balance of ₹ 40,000 in reserve fund and a debit balance of ₹ 20,000 in the profit and loss account of the firm. Pass journal entries regarding the treatment of these items.

Answer any 3 questions from 11 to 14. Each carries 3 scores.

(3 × 3 = 9)

11. The Receipts and Payments Account shows a payment for stationery amounting to ₹ 36,000 for the year ending 31<sup>st</sup> March, 2019. Additional information :
- (a) Stock of stationery on 1<sup>st</sup> April, 2018 ₹ 5,400
  - (b) Stock of Stationery on 31<sup>st</sup> March, 2019 ₹ 3,800.
  - (c) Creditors for stationery on 1<sup>st</sup> April, 2018 ₹ 2,600
  - (d) Creditors for stationery on 31<sup>st</sup> March, 2019 ₹ 1,800.

Find out the amount of stationery to be debited to Income and Expenditure A/c. for the year ended 31<sup>st</sup> March, 2019.

12. The Capital employed in a firm is ₹ 3,00,000 and normal rate of return is 6% p.a. The firm earned a profit of ₹ 24,000 during the year 2017-18. Calculate the value of good will under capitalisation method.
13. Write any three differences between dissolution of the partnership and dissolution of the firm.
14. Some journal entries concerned with dissolution of a firm are given below. Complete the journal entries.

**Journal**

Date	Particulars	Debit (₹)	Credit (₹)
(a)	_____ Dr To Realisation A/c. (Assets Sold)	4,000	4,000
(b)	_____ Dr To Bank (Partner's Loan paid)	5,000	5,000
(c)	Realisation A/c. Dr. To _____ (Liabilities Taken over by a Partner)	7,000	7,000

Answer any 2 questions from 15 to 17. Each carries 5 scores.

(2 × 5 = 10)

15. Sreya, Prarthana and Sadika set up a partnership on 1<sup>st</sup> January, 2018 with capitals of ₹ 25,000, ₹ 20,000 and ₹ 15,000 respectively. They share profits in the ratio of 2 : 1 : 3. Prarthana is to be paid a salary of ₹ 2,000 per month and Sreya will get Commission of ₹ 10,000.

As per the deed, the Partners are entitled to receive interest on capital at 6% p.a. The drawings made by the partners during the period were Sreya ₹ 3,000, Prarthana ₹ 2,000 and Sadika ₹ 1,000. The firm charged interest on drawings at 6% p.a. The net profit of the firm for the year ending 31<sup>st</sup> December, 2018 was ₹ 49,420. Prepare profit and Loss Appropriation A/c.

16. Sojan, a partner in a firm died on 1<sup>st</sup> July, 2019. As per agreement, his legal representatives are entitled to –
- His capital account balance as per last balance sheet, ₹ 50,000.
  - Share of goodwill based on 2 years purchase of last 4 years average profits.
  - Share the profit up to the date of death on the basis of average profit of last 4 years.
  - Interest on capital @ 6% p.a.

Profits for the last 4 years were ₹ 23,000, ₹ 24,000, ₹ 22,000 and ₹ 27,000 respectively. Sojan's share in the profits of the firm is 1/5. Find out the amount payable to Sojan's legal representatives, assuming that the accounts of the firm are closed on 31<sup>st</sup> March every year.

17. Anil, Basheer and Chandy are partners in a firm sharing profits in the ratio 2 : 2 : 1. On 31<sup>st</sup> December 2019, they decided to dissolve the firm. The value of assets and liabilities of the firm on that date was realised as follows.

Items	Book Value (₹)	Realised Value (₹)
Building	80,000	10% less
Furniture	24,000	26,000
Machinery	36,000	39,000
Land	1,00,000	10% More
Creditors	20,000	18,000
Bank Loan	32,000	30,000

Prepare Realisation Account.

Answer any 1 question from 18 to 19, carries 8 scores :

(1 × 8 = 8)

18. Ram and Rahim are partners in a firm sharing profits in the ratio of 3 : 1. Their balance sheet as on 31<sup>st</sup> December, 2018 was as follows :

Liability	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	29,000	Cash in hand	5,000
Bills payable	5,000	Cash at bank	20,000
Outstanding Salaries	1,000	Sundry debtors	30,000
Capital :		Stock	20,000
Ram	90,000	Plant & Machinery	50,000
Rahim	75,000	Buildings	75,000
	<b>2,00,000</b>		<b>2,00,000</b>

Roy is admitted into the firm on the following terms :

- Roy will bring ₹ 30,000 as his share of goodwill for  $\frac{1}{4}$ <sup>th</sup> share in the profits and ₹ 50,000 as capital.
- Plant & Machinery is revalued at ₹ 60,000. Building is to be appreciated by 10%.
- Stock is found over valued by ₹ 2,000.
- Create a provision for doubtful debts at 5% on debtors.

Prepare Revaluation account, partner's capital account and balance sheet of new firm.

19. The Receipts and Payments Account of Netaji Sports Club is given below :

**Receipt and Payment Account for the year ending 31<sup>st</sup> March 2018**

Receipts	Amount (₹)	Payments	Amount (₹)
Balance b/d :		Salaries	6,000
Cash	3,000	Magazines	2,340
Bank	12,500	Electricity	3,200
Subscription	48,000	Furniture	15,000
Sale of old furniture		Sports Equipments	10,000
(Book value ₹ 3,500)	2,800	Investments	12,000
Rent received	600	Balance b/d :	
		Cash	2,960
		Bank	15,400
	<b>66,900</b>		<b>66,900</b>

**Information :**

- Club has 100 members, each paying an annual subscription of ₹ 500. Subscription outstanding on 31<sup>st</sup> March, 2017 amounted to ₹ 3,000.
- On 1<sup>st</sup> April, 2017, Club owned furniture ₹ 10,000 and Sports equipments ₹ 8,000.
- Depreciate sports equipments at 5% p.a.
- Salaries outstanding on 31<sup>st</sup> March, 2018 ₹ 1,200.

Prepare Income and Expenditure Account for the year ended 31<sup>st</sup> March 2018 and Balance Sheet as on that date.

**PART-B**  
**ANALYSIS OF FINANCIAL STATEMENTS**

(Maximum Score : 40)

Answer all questions from 20 to 24. Each carries 1 score.

(5 × 1 = 5)

20. \_\_\_\_\_ is a written instrument acknowledging a debt under common seal of the company.
- (a) Share (b) Debenture  
(c) Bank loan (d) None of these
21. A technique of studying the operational results and financial position over a series of accounting periods is called \_\_\_\_\_.
- (a) Ratio analysis (b) Cash flow analysis  
(c) Trend analysis (d) Comparative statement
22. Which of the following is not a feature of the company ?
- (a) Perpetual succession (b) Common Seal  
(c) Separate legal entity (d) Unlimited Liability
23. Discount on issue of debenture is shown under \_\_\_\_\_ head in the Balance sheet as per revised schedule VI.
- (a) Other Current Assets (b) Other Non-Current Assets  
(c) Long term Borrowings (d) Reserves and Surplus.
24. The ratio calculated to measure the ability of a business to pay the amount due to stakeholders as and when it is due is called \_\_\_\_\_.
- (a) Liquidity ratio (b) Solvency ratio  
(c) Profitability ratio (d) Activity ratio

Answer any 4 questions from 25 to 29. Each carries 2 scores :

(4 × 2 = 8)

25. Classify the following ratio in to solvency ratio and Activity ratio.
- (a) Fixed assets Turnover ratio  
(b) Proprietary ratio  
(c) Inventory turnover ratio  
(d) Debt-Equity ratio
26. Write any 2 limitations of Financial Analysis.
27. Show the following items in the Balance sheet "Alfa Ltd. as per revised Schedule VI as on March 31, 2018.

10% Debentures	₹ 8,00,000
Statement of Profit & Loss (Cr)	₹ 50,000

Hint : Show only relevant items.

28. Deva Ltd. Purchased a machine for ₹ 4,40,000 from Arya Ltd. and agreed to make the payments of purchase consideration by issuing 9% debentures of ₹ 100 each at a premium of 10%. Record necessary journal entries.
29. Arun a shareholder, failed to pay the money for second and final call of ₹ 10 on 500 shares issued to him. (Face value ₹ 100). After the second call, these shares were forfeited. Pass journal entries for the forfeiture of shares.

**Answer any 3 questions from 30 to 33. Each carries 3 scores : (3 × 3 = 9)**

30. From the following information, prepare statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019 as per the revised schedule VI.

Purchases (Adjusted)	₹ 40,000
Sales	₹ 1,00,000
Salaries	₹ 8,000
Wages	₹ 12,000

31. From the following statement of Profit and Loss of Manu & Co., prepare comparative statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2018 and 2019.

Particulars	2017-18 (₹)	2018-19 (₹)
Revenue from operations	8,00,000	10,00,000
Employees benefit expenses	4,00,000	5,00,000
Other expenses Tax rate 40%	1,00,000	50,000

32. Calculate the current ratio from the following information :

Inventories	₹ 25,000
Trade receivables	₹ 25,000
Advance tax	₹ 2,000
Bank Overdraft	₹ 2,000
Trade Payables	₹ 50,000
Cash and cash equivalents	₹ 15,000

33. Classify the following transactions into operating activities and investing activities of a manufacturing company.

- |                                  |                            |
|----------------------------------|----------------------------|
| (a) Purchase of Land             | (b) Sale of goods          |
| (c) Rent of factory paid         | (d) Sale of old furniture  |
| (e) Investment in fixed deposits | (f) Paid cash to suppliers |

Answer any 2 questions from 34 to 36. Each carries 5 scores :

(2 × 5 = 10)

34. Mannar Trader Ltd. was registered with an authorised capital of ₹ 10,00,000 divided into 60,000 equity shares of ₹ 10 each and 40,000, 5% Preference shares of 10 each. The transactions relating to shares are as follows :

Transactions	Equity Shares	5% Preference Shares
Issued	50,000	30,000
Subscribed	45,000	20,000
Called up	₹ 8 per share	₹ 7 per share

**Additional information :**

A equity shareholder, who is having 100 shares, failed to pay first call of ₹ 2 per share.

Show the share capital in the Balance sheet of the company.

35. Pass journal entries for the following :
- Issue of 5,000, 9% debenture of ₹ 100 each at a premium of 5% redeemable at par.
  - Issue of 5,000, 9% debentures of ₹ 100 each at a discount of 5% but redeemable at a premium of 5%.
36. From the following information calculate :
- Earnings per share
  - Book value per share
  - Dividend payout ratio
  - Price earnings ratio

**Particulars :**

- 35,000 equity shares of ₹ 10 each.
- Net profit after tax but before dividend ₹ 87,500.
- Dividend declared 15%.
- Market price per share ₹ 13.

Answer any 1 question from 37 to 38, carries 8 scores :

(1 × 8 = 8)

37. From the following information prepare cash flow statement of Premier Ltd.

Balance sheet as on 31<sup>st</sup> March, 2015

Particulars	Note No.	31 <sup>st</sup> March, 2015 (₹)	31 <sup>st</sup> March, 2014 (₹)
<b>I. Equities &amp; Liabilities :</b>			
1. Shareholder fund			
(a) Share Capital	1	3,50,000	2,50,000
(b) Reserves & surplus	2	1,75,000	1,00,000
2. Non-Current Liabilities :			
Long term borrowing			
Bank Loan		25,000	50,000
3. Current Liabilities			
(a) Trade payable		22,500	25,000
(b) Other current liabilities outstanding rent		3,500	2,500
(c) Short Term Provision	3	60,000	40,000
<b>Total</b>		<b>6,36,000</b>	<b>4,67,500</b>
<b>II. Assets :</b>			
1. Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	4	2,50,000	2,50,000
(ii) Intangible Assets	5	47,500	50,000
(b) Non-current Investment		50,000	—
2. Current Assets			
(a) Inventories		65,000	25,000
(b) Trade Receivables		60,000	40,000
(c) Cash and Cash equivalents		1,63,500	1,02,500
<b>Total</b>		<b>6,36,000</b>	<b>4,67,500</b>

**Note to Accounts :**

Particulars	31 <sup>st</sup> March 2015 (₹)	31 <sup>st</sup> March 2014 (₹)
1. Equity share capital	3,50,000	2,50,000
2. Reserves and Surplus Surplus : i.e. Balance in statement of Profit and loss	1,75,00	1,00,000
3. Short Term Provisions Proposed dividend	35,000	25,000
Provision for Taxables	25,000	15,000
	60,000	40,000
4. Fixed Assets :		
– Tangible assets		
– Equipments	1,15,000	1,00,000
– Furniture	1,35,000	1,50,000
	2,50,000	2,50,000
5. Intangible Assets Patents	47,500	50,000
6. Cash and Cash equivalents		
(i) Cash	13,500	2,500
(ii) Bank balance	1,50,000	1,00,000
	1,63,500	1,02,500

During the year equipment costing ₹ 40,000 was purchased.

Loss on sale of equipment ₹ 5,000.

Depreciation of ₹ 7,500 and ₹ 1,500 charged on equipment and furniture.

38. Varma Ltd. issued 30,000 equity shares of ₹ 10 each at premium of ₹ 2 per share, payable. ₹ 4 on application, ₹ 5 on allotment (including premium) balance on first and final call. Applications were received for 35,000 share. Company rejected the excess application. Sukesh who was allotted 500 shares failed to pay first and final call. After the first call, his shares were forfeited and it was reissued to Ragesh at ₹ 6 per share as fully paid.

Pass journal entries to the books of the company.