ANNUAL EXAMINATION MARH-2021 ANSWER KEY (UN OFFICIAL) ACCOUNTANCY WITH AFS

PREPARED BY ABDUSSALAM PV HSST COMMERCE GHSS KATTILANGADI PART-A

[i]	1	.Income and	Expenditure	account

- 2 Partnership Deed
- 3 Sacrificing Ratio
- 4 His legal executors account
- 5 Subscribtion, Donnation
- 6 (a) 12000x 10/100x6.5/12 = 650
 - (b) $12000 \times 10/100 \times 5.5/12 = 550$
- 7 7.Realisation a/c Dr

To Ashok's capital a/c

8	Income & Expenditure a/c	Profit & loss a/c	
	1.Prepared by N P O	Prepared by Trading con-	cerns
	2.Prepared on the basis of rece	Prepared on the basis of	Trial
	payment account	Balance	
	3.Balnce will be Surplus or Def	Net profit or Net loss	

- 9 20:12:8 OR 5:3:2
- 10 (a)Assets a/c Dr

To revaluation a/c

(b)Revaluation a/c Dr

To Liabilities a/c

(c)Assets a/c Dr

To Revaluation a/c

(d)Revaluation a/c Dr

To Asset a/c

[IV] 11.	Total amount of subscribtion receive	red	50000
	Add:Subscribtion o/s 2020	15000	
	Subscribtion rcvd in advance 2019	8000	23000
			73000
	Less:Subscribtion o/s 2019	10000	
	Subscribtion rcvd in advance 2020	5000	15000
			58000

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Fixed Method	Fluctuating Mrthod
1.Two accounts are prepared ie Capital & Cu	Only one account ie Capital a/c
2.Capital balnce remain Fixed	Capital balnce always changed
3.All adjustments are made in current a/c	All adjustments are made in Capital a/c
4.Capital a/c always show credit balance	Capital a/c may sometime show debit balance

Average profit ₹830000, Goodwill = ₹498000.

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PROFIT AND LOSS APPROPRIATION ACCOUNT

		₹		₹
Interest on capital			Net Profit	300000
Suku	12000			
Shyju	8400	20400		
Salary				
suku	7200			
Shyju	6000	13200		
Capital a/c				
suku	159840			
Shyju	106560	266400		
		30000		300000

15 (i)Cash a/c Dr

(ii) Realisation a/c

Dr (iii)Realisation a/c DR

Realisation a/c

Cash a/c

Cash a/c

(iv) Realisation a/c Dr Sumesh's capital a/c 16 Α В 1.Receipt and Payment a/c Cash Book 2.Income and Expenditure a/c Profit & loss a/c 3.Specific Donation Capital Receipt 4.Subscribtion Revenue Receipts 5.Honorarium Revenue Expenditure

17 A document which contains the terms and conditions of partnership business.

Contents:-1.Name and address of Partners 2.Nature of Business 3.Place of business 4. Profit sharing ratio (Any Four)

18 Goodwill can be defined as the present value of a firm's anticipated excess earnings.

[any other meaningful definition]

Factors Affecting Goodwill: 1.Nature of business 2.Location 3.Market Situation 4.Efficiency of Mgt

19 (a) 1.Cash a/c Dr 50000

8000 2.Cash a/c Dr

Priya's Capital 50000 **Suma's Capital** 5000 Shibina's Capital 3000

5000

(b) Suma's Capital a/c Dr Shibina's Capital a/c Dr 3000

> Cash a/c 8000

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RAHIM'S CAPITAL A/C

PARTICULARS	₹	PARTICULARS	₹
		Balance b/d	20000
		Interest on capital	1000
		General reserve	4500
Executors a/c	30500	P&L appropriationa/c	5000
	30500		30500

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED AS ON 31/03/2020

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EXPENDITURES		₹	INCOME	ES .	₹
Honorarium		12000	Subscribtio	48000	
Rent	1000		Add;o/s	<u>4000</u>	52000
Add:o/s	2000	3000	Sale of old news	paper	2000
Stationery	1000		Entrance Fee		2500
Less:Stock	<u>500</u>	500	Locker Rent		3000
Postage	500				
Surplus		44000			
		59500			59500

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REVALUATION ACCOUNT

PARTICULARS	₹	PARTICULARS	₹
Buildings	1500	Capital a/c	
Furniture	1000	Veena 273	3
Stock	1600	Kavitha 136	7 4100
	4100		4100

CAPITAL ACCOUNTS

PARTICULARS	VEENA	KAVITHA	RAJESH	PARTICULARS	VEENA	KAVITHA	RAJESH
Revaluation a/c	2733	1367		Balance b/d	50000	40000	
				Cash			20000
				Cash (G/W)	6000	3000	
Balance c/d	73267	51633		Reserve Fund	20000	10000	
	76000	53000	20000		76000	53000	20000

PART B

ANALYSIS OF FINANCIAL STATEMENTS

- [VII] 23 (b)Creditors of the company
 - 24 (a)current liabilities
 - 25 (c)intra-firm comparison
 - 26 (b)Acid test ratio
- [VIII] 27 (a) Share Capital (b) Reserves and Surplus

28 Share application a/c Dr 3000

To Bank 3000

29 1.To ascertain the relative importance of different components of the financial position of the firm.•
2.To identify the reasons for change in the profitability/financial position of the firm.

[ix] 30 1.Machinery a/c Dr 100000 2.Galxy Ltd a/c Dr 100000

To Galaxy Ltd 100000 To Equity share capital 80000

To Securities Premium a/c 20000

- 31 (i)Redeem able Debentures (ii) Convertible Debentures (iii) Zero Coupon bonds
 - 1.To provide information about economic resources and obligations of
- 32 a business 2.To provide information about the earning capacity of the business
 - 3.To provide information about cash flows
- [x] 33 (a) to issue fully paid bonus shares to the extent not exceeding unissued share capital of the company;
 - (b) to write-off preliminary expenses of the company;(c) to write-off the expenses of,or commission paid or discount allowed on any securities of the company;
 - (i)Reserve Capital :- Reserve Capital: A company may reserve a portion of its uncalled capital
 - to be called only in the event of winding up of the company. Such uncalled amount is called
 - 'Reserve Capital' of the company. It is available only for the creditors on winding up of the company
 - (ii)According to Section 43 of The Companies Act, 2013, a preference share is one, which fulfils the following conditions:
 - (a) That it carries a preferential right to dividend to be paid either as a fixed amount payable to preference shareholders or an amount calculated by a fixed rate of the nominal value of each share before any dividend is paid to the equity shareholders.
 - (b) That with respect to capital it carries or will carry, on the winding up of the company, the preferential right to the repayment of capital before anything is paid to equity shareholders.
 - (c)Under Subscribtion:-Under subscription is a situation where number of shares applied for is less than the number for which applications have been invited for subscription.
 - 35 1.Comparative Statements 2.Common size statements 3.Trend analysis 4.Ratio Analysis 5.Cashflow

Ratio Analysis: It describes the significant relationship which exists between various items of a balance sheet and a statement of profit and loss of a firm. As a technique of financial analysis, accounting ratios measure the comparative significance of the individual items of the income and position statements. It is possible to assess the profitability, solvency and efficiency of an enterprise through the technique of ratio analysis.

36 Inventory Turn over Ratio = Cost of revenue from operations

Average inventory

Average Inventory = <u>Inventory at the beginning + Inventory at the end</u>

2

40000 + 30000 / 2 = 35000

Inventory Turn over Ratio = 80000/35000 = 2.285 Times

37 (i)Operating Activities (ii)Financing Activities (iii)Investing activities (iv)Operating activities

	(i) Operating Addivides (ii) manoring Addivides (iii) investing addivides (iv) Operating addivides		ig donvines (iv) operating donvines
X1	38	Α	В
		A.Issue of shares above the face value	Issue of shares at premium
	B.Issue of shares below the face value Issue		Issue of shares at discount
		C.Cancellation of shares	Forfieture of shares
		D.Demand for payment	call
		E.Uncalled capital	Reserve capital

39 Types of capital

Authorised Capital: Authorised capital is the amount of share capital which a company is authorised to issue by its Memorandum of Association.

- Issued Capital: It is that part of the authorised capital which is actually issued to the public for subscription .
- Subscribed Capital: It is that part of the issued capital which has been actually subscribed by the public.
- Called up Capital: It is that part of the subscribed capital which has been called up on the shares.
- Paid up Capital: It is that portion of the called up capital which has been

actually received from the shareholders.

• Uncalled Capital: That portion of the subscribed capital which has not yet been called up.

Reserve Capital: A company may reserve a portion of its uncalled capital to be called only in the event of winding up of the company. Such uncalled amount is called 'Reserve Capital' of the company.

COMPARATIVE STATEMENT						
PARTICULARS	2019	2020	Absolute Change	% Change		
Revenue from operations	160000	200000	40000	25		
Add:Other income	20000	10000	<u>-10000</u>	<u>-50</u>		
Total income	180000	210000	30000	16.67		
Less:Expenses	80000	100000	20000	25		
Profit Before Tax	100000	110000	10000	10		
Less:Income Tax	50000	55000	5000	10		
Profit After Tax	50000	55000	5000	10		

41 (a)Current ratio = 35000/17500 = 2:1

(b)Quick ratio = 25000/17500 = 1.43:1 Quick Assets = current Assets- Inventories

Body corporate, sperate legal entity, Perpetual succession, Common seal, Limited liability (Briefly explain)

	JOURNAL	
DATE	PARTICULARS	₹ ₹
1	Bank a/c Dr	100000
	share application a/c	1000
2	Share application a/c Dr	80000
	share capital a/c	8000
3	Share application a/c Dr	20000
	Bank	2000
4	Sare allotment a/c Dr	60000
	To share Capital	6000
5	Banka/c Dr	60000
	share allotment	6000
6	Share first call a/c Dr	40000
	share capital	4000
7	Bank a/c Dr	40000
	Share First call a/c	4000
8	Share second and Final call a/c Dr	20000
	Share capital	2000
9	Bank a/c Dr	20000
	share second and final call	2000

Ownership: A 'share' represents ownership of the company whereas a debenture is only acknowledgement of Debt.

Return: The return on shares is known as dividend while the return on debentures is called interest.

Repayment: Normally, the amount of shares is not returned during the life of the company, whereas, generally, the debentures are issued for a specified period Voting Rights: Shareholders enjoy voting rights whereas debentureholders do not normally enjoy any voting right.

Security: Shares are not secured by any charge whereas the debentures are generally secured and carry a fixed or floating charge over the assets of the company.

Convertibility: Shares cannot be converted into debentures whereas debentures can be converted into shares.

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